

# **SLATER, WALKER OF CANADA LIMITED**

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**ANNUAL REPORT**  
**1972**

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# SLATER, WALKER OF CANADA LIMITED

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## FINANCIAL HIGHLIGHTS

	1972	1971
Financial income and equity earnings . . . . .	\$ 3,442,000	\$ 197,000
Earnings before investment gains . . . . .	\$ 1,532,000	\$ 113,000
Per Share . . . . .	.46	.12
Net gain on disposal of investments . . . . .	\$ 3,730,000	\$ 26,000
Per Share . . . . .	1.12	.03
Earnings for the year . . . . .	\$ 5,262,000	\$ 139,000
Per Share . . . . .	1.58	.15
Cash dividends paid . . . . .	\$ 186,000	\$ —
Per Share . . . . .	.05	—
Total assets at indicated market value* . . . . .	\$68,388,000	\$11,695,000
Per Share . . . . .	18.34	6.91
Shareholders' equity at indicated market value* . . . . .	\$57,204,000	\$ 5,665,000
Per Share . . . . .	15.34	3.35
Common shares (adjusted for subdivision and conversion):		
Weighted average . . . . .	3,331,530	940,500
Outstanding end of year . . . . .	3,728,466	1,692,900

\*Before provision for tax on unrealized gains.

# **SLATER. WALKER OF CANADA LIMITED**

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## **BOARD OF DIRECTORS**

**J. PEARCE BUNTING**

President, Alfred Bunting & Co. Ltd.

**GRAEME G. KIRKLAND**

Vice-President, Slater, Walker of Canada Limited

**ROBERT W. KORTHALS**

Vice-President, Administration, The Toronto-Dominion Bank

**F.R. ROLAND ROWE**

Deputy Managing Director, Slater, Walker Securities Limited

**JAMES D. SLATER**

Chairman, Slater, Walker Securities Limited

**ROBERT SMITH**

President, Slater, Walker of Canada Limited

**JOHN A. TORY**

Senior Partner, Tory, Tory, DesLauriers & Binnington

## **OFFICERS**

**JAMES D. SLATER**, Chairman

**ROBERT SMITH**, President

**GRAEME G. KIRKLAND**, Vice-President

**WESTELL G. PEAKER**, Vice-President and Treasurer

**J. GARNET PINK**, Secretary

**RICHARD W. BRISSENDEN**, Comptroller

**PATRICIA F. SALTER**, Assistant-Secretary

## **CORPORATE INFORMATION**

**HEAD OFFICE**

Suite 1600, Royal Trust Tower  
Toronto-Dominion Centre  
Toronto, Ontario

**AUDITORS**

Arthur Young, Clarkson, Gordon & Co.

**LEGAL COUNSEL**

Tory, Tory, DesLauriers & Binnington

**BANKERS**

The Toronto-Dominion Bank  
Bank of Montreal

**EXCHANGE LISTINGS**

Toronto and Montreal Stock Exchanges

**TRANSFER AGENT AND  
REGISTRAR**

The Canada Trust Company, Toronto,  
Montreal, Winnipeg, Regina, Vancouver



## PRESIDENT'S REPORT TO THE SHAREHOLDERS

I stated in last year's report that we counted 1971 (a year in which your Company changed from an industrial company to an investment management and holding company) as a successful year in which we had laid the foundations for the years to come. I also stated that we were confident of our ability to generate continued asset and earnings growth from our investments. I believe that we have lived up to this promise in 1972 as total assets at indicated market value (market value of listed investments and book value of other investments) before provisions for tax on unrealized gains increased from approximately \$12 million in 1971 to over \$68 million in 1972 and shareholders' equity increased from \$3.35 to \$15.34 per share. In the same period earnings per share (excluding investment gains) increased from \$0.12 to \$0.46 per share. These and other important indicators are set out in the financial highlights on page 1 of this Annual Report.

In September 1972 your Company announced its new dividend policy and paid its first half-yearly dividend of 5 cents per share. A similar amount will be paid on March 30, 1973. Subject to unforeseen circumstances, your directors anticipate being able to increase this rate to 10 cents per share commencing with the September 1973 payment.

I will now deal with the highlights of 1972, a year in which we continued the aggressive expansion of your business embarked upon in 1971:

### UNAS INVESTMENTS LIMITED

In January 1972 we increased our interest in UNAS Investments Limited from 22% to 66%. Subsequently we effected a complete amalgamation with UNAS on June 30, 1972.

Most of the portfolio investments held by UNAS were sold during 1972 and have contributed to the significant net gain on disposal of investments of \$1.12 per share. We decided to retain only those investments of UNAS which met our investment criteria and were in companies we believed we would be able to help expand.

Two investments of UNAS which we have retained, Inter-City Gas Limited (29% owned) and C.F. Haughton Limited (39% owned), showed substantial improvement in earnings in 1972. In the case of Inter-City Gas (listed on The Toronto Stock Exchange), earnings per share were 86¢ in 1972 compared with 51¢ in 1971.

### REAL ESTATE

In 1972 we made a number of new investments in the real estate sector and we increased our investment in Alliance Building Corporation Limited.



## SLATER, WALKER OF CANADA LIMITED

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### *R. C. Baxter Properties Limited*

In June 1972 we completed the acquisition of the whole of the issued share capital and certain debentures of R. C. Baxter Properties Limited for a purchase price of approximately \$7.4 million. This is a substantial real estate investment company holding 10 high quality income producing properties, mainly in western Canada, including the prestigious Board of Trade and Baxter office buildings in Vancouver. Further investment properties will be added to the Baxter portfolio as and when suitable opportunities are found.

### *Alliance Building Corporation Limited*

During 1972 we increased our holding in Alliance from 28% to 34%. We also acquired \$1.2 million of a \$3 million issue of convertible debentures, the placement of which was arranged by your Company. In June 1972, Alliance purchased, with our help, a 75% interest in the shares and certain debt of three Canadian subsidiaries of the U.S. based Perini Corporation. These companies have substantial buildings and land holdings in the Ajax area of Ontario and the purchase has added considerably to the asset base and earnings potential of Alliance.

Alliance increased its earnings from \$267,004 (24¢ per share) in 1971 to \$463,527 (40¢ per share) in 1972 and its cash flow per share from \$0.50 to \$1.11.

### *Immobilia Inc.*

In December 1972 we acquired for \$1.6 million a 76% equity interest in Immobilia Inc., a Montreal based real estate investment and development company. Immobilia's holdings include an office property (the Avis building in St. Laurent, Quebec) and a mixed residential and commercial development in suburban Montreal.

## PEOPLES DEPARTMENT STORES LTD.

The value of your Company's holdings in Peoples Department Stores Ltd. has increased substantially in the year under review due to the excellent management of that company and to acquisitions initiated by us.

### *Gordon Mackay & Stores Limited*

In December 1971 we arranged the acquisition by Peoples Stores of a controlling interest in Gordon Mackay & Stores Limited which operates 41 stores in the province of Ontario (40 under the name "Walkers" and one under the name "Smiths of Windsor"). In February 1972, we assisted Peoples Stores in making a public offer for the remaining Class B voting shares in Gordon Mackay and as a result Peoples Stores now owns virtually all of such shares. Gordon Mackay, under the management of Peoples Stores, has experienced and is still experiencing a dramatic turnaround in its profits. Its unaudited earnings increased to \$1,220,000 in the twelve months ended January 31, 1973 from \$210,000 (before special reorganization charges of approximately \$405,000) for the previous twelve months.



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### *St. Michael Shops of Canada Limited*

One of the major moves of Peoples Stores in 1972 was its formation of a joint company with Marks and Spencer Limited of the United Kingdom. The new company, called St. Michael Shops of Canada Limited, will operate a number of stores in Canada which will sell the well known Marks and Spencer products under the St. Michael brand name. Four shops are at present in operation and initial sales from each have been very encouraging. It is expected that a further seven St. Michael shops will be opened in the current financial year.

### *D'Allaird Manufacturing Co. Limited*

Your Company initiated the acquisition by Peoples Stores of the whole of the issued share capital of this retail chain which operates 30 ladies fashion stores across Canada. It also has a manufacturing plant in Montreal. As recently announced, D'Allairds has been sold to St. Michael Shops and a number of the D'Allaird locations will be converted to St. Michael shops.

It is important to note that both Gordon Mackay and D'Allairds were purchased by Peoples Stores at prices below their respective net asset values and have accordingly increased the asset base of Peoples Stores at the same time as substantially improving its profit potential.

For the year ended July 31, 1972, the earnings per share of Peoples Stores increased by 65% to 33¢ from 20¢ in 1971. Actual earnings increased by 81% from \$713,000 in 1971 to \$1,291,000 in 1972, the latter including a substantial contribution from Gordon Mackay.

The earnings of Peoples Stores are continuing to improve and the unaudited results for the six months ended January 31, 1973 show earnings per share of 38¢ up from 14¢ for the same period in the previous year.

In September 1972 we sold approximately 20% of our holding in Peoples Stores, thus reducing our ownership to 27% of the presently outstanding common shares. This sale returned to us approximately the whole of our original investment in Peoples Stores and we were able to employ the proceeds for the general expansion of our investments.

### **ALPA INDUSTRIES LIMITED**

In September 1972 we completed the acquisition of a 33% interest in the then outstanding shares of Alpa Industries Limited, one of the largest lumber wholesalers and distributors in Ontario. Subsequently, shares of Alpa were sold to the public, including certain of our holdings, which reduced our equity interest in this company to approximately 19%. The shares of Alpa were purchased by us at \$6.43 per share, sold to the public at a price of \$8.50 per share and closed at \$15.00 per share at year end making it one of the stronger new issues of 1972.



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### VENUS ESTERBROOK CANADA LIMITED

In June 1972 your Company acquired a 75% interest in a new company, Venus Esterbrook Canada Limited, formed to purchase the assets and operations of the Canadian subsidiaries of Venus Esterbrook Corporation of New York. The remaining 25% interest was purchased by Mr. A. Victor Steele, the President of the new company. Venus Esterbrook Canada manufactures and distributes throughout Canada a full range of pencils and other writing instruments and marking devices. Subsequent to the year end, Venus Esterbrook Canada purchased all the outstanding shares of Truform Industries Limited, a small pen manufacturer based in Toronto.

### MANAGEMENT

Upon the amalgamation with UNAS, the Board of Directors of the amalgamated company was established at seven members. All five members of the Board of the former, Slater, Walker became members of the new Board together with Mr. Robert W. Korthals, Vice-President, Administration, The Toronto-Dominion Bank, and Mr. Graeme G. Kirkland, Vice-President of your Company, both of whom were directors of UNAS. During the year your Company's management team was strengthened by the appointment of Mr. Westell G. Peaker as Treasurer and Mr. Richard W. Brissenden as Assistant-Treasurer. Mr. Peaker was subsequently appointed a Vice-President on January 1, 1973, and Mr. Brissenden has been appointed Comptroller. Also during 1972 we added to our team of analysts and in the early months of the current year appointed two new senior executives.

In 1972 two of our former executives assumed senior positions with our associates - Mr. Darrel A. Hayes with Peoples Stores and Mr. John R. Olivella with Venus Esterbrook. I firmly believe that this flow of staff from the centre to our associates is a valuable part of our contribution to those associates.

### FUTURE PROSPECTS

At the present time a very high proportion of the assets of the Company is invested in real estate and retailing. We expect our investments in these areas to continue to expand. We are also actively looking at various other areas which could provide attractive investments for the Company. We have a very healthy balance sheet, substantial cash availability and a strong management team which enable us to take full advantage of all opportunities for profitable expansion.

In 1972 our main aim was to build up the asset base of your Company. This has now been achieved and gives a sound base for generating increased earnings per share in the future. I anticipate that 1973 will be another excellent year.

The accomplishments of 1972 would not have been possible without the loyalty, energy and hard work of your management and staff, both in the parent company and in our subsidiaries and associates. I am sure you would wish to join me and your directors in expressing our appreciation to them for all their efforts.

On Behalf of the Board of Directors

ROBERT SMITH  
President



**CONSOLIDATED STATEMENT OF EARNINGS**  
**YEAR ENDED DECEMBER 31, 1972**  
(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
<b>E A R N I N G S</b>		
FINANCIAL INCOME including interest, fees, trading gains and dividends . . .	\$1,929,778	\$ 90,486
EQUITY in net earnings of unconsolidated subsidiary and associated companies involved in:		
Industrial activities . . . . .	617,664	106,839
Commercial activities . . . . .	454,318	—
Real estate activities . . . . .	440,424	—
	<u>3,442,184</u>	<u>197,325</u>
EXPENSES (note 7) . . . . .	<u>1,755,697</u>	<u>84,390</u>
	1,686,487	112,935
MINORITY INTEREST (note 2) . . . . .	<u>154,029</u>	<u>—</u>
EARNINGS BEFORE NET GAIN ON DISPOSAL OF INVESTMENTS . . . . .	1,532,458	112,935
NET GAIN ON DISPOSAL OF INVESTMENTS		
(net of \$1,080,000 income taxes and \$620,000 minority interest) . . . .	<u>3,730,069</u>	<u>26,414</u>
 EARNINGS FOR THE YEAR . . . . .	 <u>\$5,262,527</u>	 <u>\$139,349</u>
EARNINGS PER SHARE (note 8)		
Before net gain on disposal of investments . . . . .	\$ .46	\$ .12
Net gain on disposal of investments . . . . .	<u>1.12</u>	<u>.03</u>
For the year . . . . .	<u>\$1.58</u>	<u>\$ .15</u>

*(See accompanying notes to consolidated financial statements)*



# SLATER, WALKER OF CANADA LIMITED

## CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1972

(with comparative figures at December 31, 1971)

A S S E T S	1972	1971
INVESTMENTS (notes 1 and 3)		
Associated companies:		
Quoted shares, at equity (market - \$39,953,000; 1971 - \$9,280,000) . . . . .	\$12,165,158	\$ 8,457,732
Debentures and warrants, at cost (market - \$1,351,000) . . . . .	548,335	—
Unquoted shares, at equity . . . . .	356,727	—
	<u>13,070,220</u>	<u>8,457,732</u>
Unconsolidated subsidiary companies:		
Unquoted shares, at equity . . . . .	7,875,433	47,338
Debentures, at cost . . . . .	2,000,000	—
Advances . . . . .	1,903,772	1,077,747
	<u>11,779,205</u>	<u>1,125,085</u>
Portfolio:		
Quoted securities, at cost (market - \$1,626,000) . . . . .	1,162,881	
Unquoted securities, at the lower of cost and estimated realizable value . . . . .	3,731,499	
	<u>4,894,380</u>	
TOTAL INVESTMENTS . . . . .	29,743,805	9,582,817
TRADING SECURITIES, at cost (market - \$8,415,000; 1971 - \$845,000) . . . . .	5,831,075	620,571
ACCOUNTS RECEIVABLE . . . . .	927,089	21,192
OTHER . . . . .	248,942	269,039
CASH . . . . .	—	155,090
	<u>\$36,750,911</u>	<u>\$10,648,709</u>

(See accompanying notes to consolidated financial statements)



LIABILITIES	1972	1971
BANK INDEBTEDNESS . . . . .	\$ 1,370,301	\$ 5,025,000
ACCOUNTS PAYABLE AND ACCRUED CHARGES . . . . .	1,634,593	143,158
INCOME TAXES PAYABLE . . . . .	1,604,673	—
DEMAND LOAN FROM AFFILIATED COMPANY . . . . .	—	862,245
	<u>4,609,567</u>	<u>6,030,403</u>
TERM LOAN FROM BANK, at 7%, due July 31, 1975 (note 4) . . . . .	6,575,000	—
TOTAL LIABILITIES . . . . .	<u>11,184,567</u>	<u>6,030,403</u>

## SHAREHOLDERS' EQUITY

### SHARE CAPITAL (note 5)

Authorized:

7,500,000 common shares

Issued:

3,728,466 common shares . . . . . 14,195,734 3,030,500

CONTRIBUTED SURPLUS (note 2) . . . . . 4,016,267 —

RETAINED EARNINGS (note 6) . . . . . 7,354,343 1,587,806

TOTAL SHAREHOLDERS' EQUITY . . . . . 25,566,344 4,618,306

\$36,750,911 \$10,648,709

On behalf of the Board:

ROBERT SMITH, Director

ROBERT W. KORTHALS, Director



## SLATER, WALKER OF CANADA LIMITED

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
BALANCE AT BEGINNING OF YEAR . . . . .	\$1,587,806	\$1,549,743
ADD:		
Earnings for the year . . . . .	5,262,527	139,349
Equity in capital transactions of subsidiary and associated companies (in 1972, resulting mainly from their issue of share capital for amounts in excess of book value) . . . . .	<u>1,132,753</u>	<u>(10,639)</u>
	<u>7,983,086</u>	<u>1,678,453</u>
DEDUCT:		
Expenses of shares issued (net of \$38,000 income taxes; 1971 - \$5,000) .	355,103	20,109
Dividends on common shares . . . . .	186,422	—
Amalgamation expenses including equity in those of UNAS Investments Limited (net of \$21,000 income taxes) . . . . .	87,218	—
Preferred stock dividends paid out of tax-paid undistributed income . . .	<u>—</u>	<u>70,538</u>
	<u>628,743</u>	<u>90,647</u>
BALANCE AT END OF YEAR . . . . .	<u><u>\$7,354,343</u></u>	<u><u>\$1,587,806</u></u>

*(See accompanying notes to consolidated financial statements)*



CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1972  
(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
INVESTMENTS AT BEGINNING OF YEAR . . . . .	\$ 9,582,817	\$ —
SOURCE OF INVESTMENT FUNDS		
Share capital, less net share issue expenses . . . . .	10,810,131	2,801,391
Term loan from bank . . . . .	6,575,000	—
Earnings for the year . . . . .	5,262,527	139,349
Contributed surplus . . . . .	4,016,267	—
Other liabilities . . . . .	3,096,108	—
Equity in capital transactions of subsidiary and associated companies . . . . .	1,132,753	(10,639)
Miscellaneous (net) . . . . .	87,969	115,025
Bank indebtedness . . . . .	—	5,025,000
Sale of assets to unconsolidated subsidiary company . . . . .	—	1,362,747
Demand loan from affiliated company . . . . .	—	862,245
	<u>30,980,755</u>	<u>10,295,118</u>
DEDUCT:		
Trading securities . . . . .	5,210,504	620,571
Bank indebtedness . . . . .	3,654,699	—
Accounts receivable . . . . .	905,897	21,192
Demand loan from affiliated company . . . . .	862,245	—
Dividends . . . . .	186,422	—
Redemption of preferred shares . . . . .	—	70,538
	<u>10,819,767</u>	<u>712,301</u>
FUNDS USED FOR INVESTMENTS . . . . .	<u>20,160,988</u>	<u>9,582,817</u>
INVESTMENTS AT END OF YEAR . . . . .	<u><u>\$29,743,805</u></u>	<u><u>\$ 9,582,817</u></u>

(See accompanying notes to consolidated financial statements)



# SLATER, WALKER OF CANADA LIMITED

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1972

### 1. BASIS OF PRESENTATION

The accompanying consolidated financial statements reflect the statutory amalgamation, effective June 30, 1972, of the former Slater, Walker of Canada Limited ("former Slater, Walker") and its subsidiary UNAS Investments Limited ("UNAS") into one continuing company, Slater, Walker of Canada Limited (the "Company") (see note 2). Accordingly, the accompanying Consolidated Statement of Earnings includes the consolidated earnings of the former Slater, Walker for the six months ended June 30, 1972 (including its interest in the earnings of UNAS during that period) and the consolidated earnings of the Company for the six months ended December 31, 1972.

The Company is an investment management and holding company and as such adopted the accounting practices of the former Slater, Walker whereby the accounts of the Company are consolidated with those of its financial subsidiaries only, all of which are wholly-owned at December 31, 1972. Investments in non-financial subsidiaries and in associated companies are accounted for by the equity method whereby the investments are initially recorded at cost and carrying amounts are (a) adjusted to recognize the Company's share of earnings or losses and of capital transactions since acquisition and (b) reduced by dividends received. In the case of Peoples Department Stores Ltd. and C.F. Houghton Limited the consolidated financial statements include the Company's share in their results for their fiscal years ended July 31 and August 31, 1972 respectively.

Certain of the 1971 figures provided for purposes of comparison have been reclassified to conform with the presentation adopted in the current year. These changes did not affect 1971 earnings.

### 2. UNAS INVESTMENTS LIMITED

The former Slater, Walker made an initial purchase of 188,908 common shares (22%) of UNAS on September 20, 1971 and acquired a further 387,692 common shares (44%) on February 1, 1972.

Effective June 30, 1972, the two companies obtained letters patent of amalgamation which provided for the statutory amalgamation of the companies on the following terms:

- a) The creation of 7,500,000 common shares without nominal or par value as the authorized capital of the Company;
- b) The cancellation of the 576,599 common shares of UNAS held by the former Slater, Walker;
- c) The conversion of the 1,467,297 issued common shares of the former Slater, Walker into 2,934,594 common shares of the Company on a two for one basis;
- d) The conversion of the 297,702 common shares of UNAS not owned by the former Slater, Walker into 793,872 common shares of the Company on an eight for three basis.

The above-mentioned acquisition and subsequent amalgamation have been treated on the purchase basis of accounting and the following acquisition equation reflects the net tangible assets of UNAS (based on unaudited financial statements at June 30, 1972) included in the accounts of the Company after giving effect to the purchases of shares on September 20, 1971 and February 1, 1972 and the amalgamation on June 30, 1972:

	(\$'000)
Tangible assets at book value, which is equivalent to estimated fair value . . . . .	\$25,764
Liabilities . . . . .	4,828
Net tangible assets . . . . .	<u>20,936</u>
Deduct:	
Adjustment to conform UNAS' basis of accounting to that of the former Slater, Walker (elimination of the portion of unrealized appreciation of investments recorded by UNAS attributable to the former Slater, Walker from dates of acquisition to date of amalgamation) . . . . .	1,306
Net equity changes of UNAS recorded by the former Slater, Walker from dates of acquisition to date of amalgamation . . . . .	1,409
	<u>2,715</u>
Company's equity interest in net tangible assets at dates of acquisition . . . . .	<u>18,221</u>
Deduct:	
Contributed surplus arising on amalgamation . . . . .	3,307
Excess of interest in net tangible assets over purchase price of investment by the former Slater, Walker . . . . .	709
	<u>4,016</u>
Aggregate consideration . . . . .	<u><u>\$14,205</u></u>
	(\$'000)
Satisfied as follows:	
Cash paid in 1971 . . . . .	\$ 3,405
Cash paid in 1972 . . . . .	3,087
Issue in 1972 of 324,268 common shares of the former Slater, Walker at a value of . . . . .	3,891
Issue in 1972 of 793,872 common shares of the Company at a value of . . . . .	3,822
Aggregate consideration . . . . .	<u><u>\$14,205</u></u>

The excess of the former Slater, Walker's interest in the net tangible assets of UNAS over the purchase price of the investment by the former Slater, Walker and the contributed surplus arising on amalgamation have been combined and included in the consolidated accounts of the Company as a separate item in shareholders' equity.



## SLATER, WALKER OF CANADA LIMITED

### 3. INVESTMENTS

- a) Acquisition equations for the major investments during the year based on their financial statements at the applicable date of acquisition are as follows:

	Alpa Industries Limited	R.C. Baxter Properties Limited	Immobilia Inc.	Venus Esterbrook Canada Limited
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Nature of business	Lumber products	Real estate	Real estate	Writing instruments
Effective date of acquisition	June 30	April 1	December 31	May 1
Tangible assets at book value	\$10,111	\$26,031	\$11,756	\$2,440
Liabilities at book value	<u>5,298</u>	<u>22,277</u>	<u>9,896</u>	<u>1,690</u>
Net tangible assets at book value	<u>\$ 4,813</u>	<u>\$ 3,754</u>	<u>\$ 1,860</u>	<u>\$ 750</u>
Percentage interest acquired	<u>19%</u>	<u>100%</u>	<u>76%</u>	<u>75%</u>
Company's interest in net tangible assets at book value	\$ 915	\$ 3,754	\$ 1,414	\$ 560
Adjustment required to state net tangible assets acquired at estimated fair value	<u>—</u>	<u>1,597</u>	<u>194</u>	<u>—</u>
Company's interest in net tangible assets at estimated fair value	915	5,351	1,608	560
Excess of purchase price of investment over interest in net tangible assets	<u>346</u>	<u>—</u>	<u>—</u>	<u>—</u>
Purchase price paid in cash	<u>\$ 1,261</u>	<u>\$ 5,351</u>	<u>\$ 1,608</u>	<u>\$ 560</u>

The purchase basis of accounting was used to record all acquisitions during 1972. It is the Company's policy not to amortize the excess of purchase price over its acquired interest in the net tangible assets at estimated fair value unless the value of such excess is impaired.

b) Analysis of investment in shares of associated and unconsolidated subsidiary companies at December 31, 1972:

	Approximate Equity Interest	Carrying Value at Equity	Market Value (1)
	%		
Associated companies -			
Quoted shares:			
Peoples Department Stores Ltd. . . . .	27	\$ 5,209,724	\$29,215,000
Inter-City Gas Limited . . . . .	29	3,259,515	4,050,000
Alliance Building Corporation Limited . . . . .	34	2,235,722	3,766,000
Alpa Industries Limited . . . . .	19	1,460,197	2,922,000
		<u>\$12,165,158</u>	<u>\$39,953,000</u>
Unquoted shares:			
C.F. Haughton Limited . . . . .	39	<u>\$356,727</u>	
Unconsolidated subsidiary companies -			
Unquoted shares:			
R.C. Baxter Properties Limited (2) . . . . .	100	\$ 5,648,973	
Immobilia Inc. . . . .	76	1,607,669	
Venus Esterbrook Canada Limited . . . . .	75	597,094	
Stanley Brock Canada Limited (includes City Chemical & Products Limited) . . . . .	100	21,697	
		<u>\$ 7,875,433</u>	

(1) The market values of the Company's investments do not necessarily represent the value of entire blocks of investment holdings which may be more or less than the value indicated by market quotations.

(2) In addition to the investment in common shares, the Company also acquired for cash, \$2 million of 8-1/2% debentures, at par.

The following table includes earnings from investments presented on the basis recommended by the Canadian Institute of Chartered Accountants:

	Financial income	Equity earnings	Total of financial income and equity earnings	Disposal of investments
Associated companies . . . . .	\$ 128,665	\$1,127,351	\$1,256,016	\$2,503,856
Unconsolidated subsidiaries . . . . .	122,081	385,055	507,136	-
Portfolio investments . . . . .	595,474	-	595,474	1,226,213
Other sources . . . . .	1,083,558	-	1,083,558	-
Total . . . . .	<u>\$1,929,778</u>	<u>\$1,512,406</u>	<u>\$3,442,184</u>	<u>\$3,730,069</u>



## SLATER, WALKER OF CANADA LIMITED

### 4. TERM LOAN

The term loan is secured by a pledge of the shares and debentures of R.C. Baxter Properties Limited, and other securities with a quoted market value at December 31, 1972 in excess of \$4,000,000, the amount required under the terms of the loan agreement with the bank.

### 5. SHARE CAPITAL

The authorized share capital of the former Slater, Walker was cancelled when it amalgamated with UNAS. This amalgamation and the authorized share capital of the Company are described in note 2 above.

Details of common share transactions during the year are as follows:

	<u>Shares</u>	<u>Amount</u>
Issued common shares of former Slater, Walker, December 31, 1971 . . .	846,450	\$ 3,030,500
Issue of common shares of former Slater, Walker on February 1, 1972 -		
In exchange for UNAS shares . . . . .	324,268	3,891,216
For cash . . . . .	296,579	3,452,180
	<u>620,847</u>	<u>7,343,396</u>
Issued common shares of former Slater, Walker, June 29, 1972 . . . . .	<u>1,467,297</u>	<u>\$10,373,896</u>
Conversion of above to common shares of the continuing Slater, Walker, June 30, 1972, as described in note 2 above . . . . .	2,934,594	\$10,373,896
Conversion of the 297,702 common shares of UNAS not owned by the former Slater, Walker, June 30, 1972, as described in note 2 above . . . . .	<u>793,872</u>	<u>3,821,838</u>
Issued common shares, December 31, 1972 . . . . .	<u>3,728,466</u>	<u>\$14,195,734</u>

On June 30, 1972 the Company instituted a Key Employee Stock Option Plan and reserved 100,000 common shares for this purpose. Options granted under the Plan may be exercised on a cumulative basis at 25% per annum commencing two years subsequent to the date of grant and expire six years subsequent to such date.

On June 30, 1972 options at \$9 per share for 15,500 shares were granted, including 10,500 to officers. On December 15, 1972 an additional option at \$15.30 per share for 2,200 shares was granted to an employee.

### 6. RETAINED EARNINGS

In compliance with Section 62 of the Canada Corporations Act, retained earnings of \$728,888 are designated as capital surplus arising on the redemption of preferred shares.

## 7. DEPRECIATION, INTEREST AND INCOME TAXES

Expenses include the following:

	<u>1972</u>	<u>1971</u>
Interest:		
Term loan . . . . .	\$264,000	
Other . . . . .	340,000	\$14,000
Income taxes . . . . .	470,000	10,000
Depreciation . . . . .	24,000	15,000

## 8. EARNINGS PER SHARE

Earnings per share have been computed on the basis of the weighted average number of shares outstanding in each year after giving retroactive effect to the 1971 subdivision and the two for one conversion in 1972.

## 9. REMUNERATION OF DIRECTORS AND OFFICERS

Aggregate remuneration paid to directors and officers of the Company by the Company and the amalgamating companies was as follows:

	<u>1972</u>	<u>1971</u>
Number of directors (including 9 former directors in 1971) . .	7	14
Remuneration as directors . . . . .	\$2,000	\$1,350
Number of officers (including 4 former officers in 1971) . . .	6	9
Remuneration as officers . . . . .	\$121,585	\$28,949
Officers who are also directors . . . . .	3	5

## 10. GUARANTEES, ETC.

At December 31, 1972 the Company was contingently liable for guarantees of bank indebtedness, conditional sales contracts and performance bonds of unconsolidated subsidiary companies to a maximum of \$925,000.

The Company has also agreed to postpone the repayment of \$600,000 of advances to an unconsolidated subsidiary while such subsidiary has outstanding bank debt.

## 11. SUBSEQUENT EVENT

Subsequent to the year end, the Company agreed to sell its interest in Stanley Brock Canada Limited and City Chemical & Products Company Limited, both 100% owned unconsolidated subsidiaries, for an amount approximately equal to the carrying value of its investment in and advances to these companies.



# SLATER, WALKER OF CANADA LIMITED

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## AUDITORS' REPORT

To the Shareholders of  
Slater, Walker of Canada Limited:

We have examined the consolidated balance sheet of Slater, Walker of Canada Limited and its consolidated subsidiaries as at December 31, 1972, and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. For Slater, Walker of Canada Limited, its consolidated subsidiaries and certain of those companies which are accounted for by the equity method in these financial statements, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. For other companies accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion these consolidated financial statements present fairly the financial position of Slater, Walker of Canada Limited and its consolidated subsidiaries as at December 31, 1972 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
February 23, 1973

ARTHUR YOUNG, CLARKSON, GORDON & CO.  
Chartered Accountants

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## SUMMARY OF INVESTMENTS

COMPANY	BUSINESS	EQUITY INTEREST
Associated Companies:		
Peoples Department Stores Ltd.	Retailing	27%
Alliance Building Corporation Limited	Real estate development and investment	34%
Inter-City Gas Limited	Natural gas distribution	29%
Alpa Industries Limited	Manufacture and distribution of lumber products	19%
C.F. Haughton Limited	Printing and business forms	39%
Unconsolidated subsidiaries:		
R.C. Baxter Properties Limited	Real estate investment	100%
Immobilia Inc.	Real estate development	76%
Venus Esterbrook Canada Limited	Manufacture and distribution of writing instruments	75%



## SLATER, WALKER OF CANADA LIMITED

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### NOTES







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**Slater, Walker of Canada Limited**

**NOTICE OF ANNUAL AND SPECIAL  
GENERAL MEETING**

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**INFORMATION CIRCULAR**

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**INFORMATION CONCERNING THE PROPOSED AMALGAMATION**

**OF**

**SLATER, WALKER OF CANADA LIMITED**

**AND**

**UNAS INVESTMENTS LIMITED**

**under the name of**

**SLATER, WALKER OF CANADA LIMITED**

May 29, 1972





# Slater, Walker of Canada Limited

## NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

Take notice that the Annual and a Special General Meeting of the Shareholders of Slater, Walker of Canada Limited (the "Company") will be held in the Nova Scotia Room of the Royal York Hotel, Toronto, Ontario, on Tuesday, June 20, 1972 at 10:00 a.m., Toronto time, for the following purposes:

1. To receive and consider the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1971, the consolidated statements of earnings, retained earnings and changes in financial position for the year ended on such date, together with the report of the auditors thereon and the annual report to the shareholders;
2. To consider, and if thought fit, pass a resolution in favour of the approval and adoption, with or without variation, of the amalgamation agreement entered into on the 25th day of May, 1972 between the Company and UNAS Investments Limited providing for the statutory amalgamation of such companies pursuant to Section 137 of the Canada Corporations Act;
3. To elect directors;
4. To appoint auditors and authorize the directors to fix the remuneration of the auditors; and
5. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to be present in person are requested to fill in, sign, date and return the enclosed form of proxy, in the envelope provided for the purpose, to the Secretary, Slater, Walker of Canada Limited, c/o The Canada Trust Company, 110 Yonge Street, Toronto, Ontario.

DATED at Toronto this 29th day of May, 1972.

By Order of the Board of Directors,

J. GARNET PINK  
Secretary



# Slater, Walker of Canada Limited

## INFORMATION CIRCULAR

(as at May 25, 1972)

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Slater, Walker of Canada Limited (the "Company") to be used at the Annual and a Special General Meeting of the Shareholders of the Company (the "meeting") to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the "notice of meeting"). It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees and directors of the Company or by employees of The Canada Trust Company, the transfer agent and registrar of the Company. The cost of solicitation will be borne by the Company. The information herein contained is given as of May 25, 1972.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company. **Each shareholder has the right to appoint a person, who need not be a shareholder of the Company, to represent such shareholder at the meeting other than the persons named in the enclosed form of proxy.** Such right may be exercised by inserting the name of the shareholder's nominee in the space provided, or by completing another proper form of proxy, and, in either case, delivering the form of proxy to the Secretary of the Company prior to the holding of the meeting.

A shareholder giving a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so either: (1) by delivering another properly executed form of proxy bearing a later date to the Secretary of the Company prior to the holding of the meeting, or to the Secretary or Chairman of the meeting on the day of the meeting; or (2) by depositing, either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or with the Chairman of the meeting on the day of the meeting, or any adjournment thereof, an instrument in writing revoking the proxy and executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

### VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES

The enclosed form of proxy affords shareholders the opportunity to specify that the shares represented by such form of proxy shall be voted by the named nominees in favour of or against the matter identified in item numbered 1 therein. If the enclosed form of proxy is properly completed and submitted in favour of the persons designated in the printed portion thereof, the shares represented by such form of proxy will be voted on any ballot that may be called for, and where the person whose proxy is solicited specifies a choice with respect to the matter identified in item numbered 1 therein, the shares shall be voted in accordance with the specification so made. **Where shareholders have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted on any ballot that may be called for in favour of the matter referred to in item numbered 1 therein.** If so specified by the shareholder in the space provided in the form of proxy, such shares will be withheld from voting on any ballot that may be called for in the election of directors and/or the appointment of auditors. **On any ballot that may be called for, such shares will be voted for the election of directors and for the appointment of auditors as set forth under those headings in this Information Circular or withheld from voting if so specified in the form of proxy.**

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the notice of meeting and other matters which may properly come before the meeting. As of the date hereof, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the meeting. If any matters which are not now known to the management of the Company should properly come before the meeting, on any ballot that may be called for the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person voting it. Receipt and consideration at the meeting of reports of the directors and auditors and the Company's financial statements will not constitute approval or disapproval of any matters referred to therein.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

All shareholders of record as of the time of the meeting or any adjournment thereof will be entitled to attend the meeting or any such adjournment and to vote thereat, either in person or by proxy, the shares registered in their respective names.

As of the date hereof, the Company has outstanding 1,467,297 common shares without nominal or par value and each such share is entitled to one vote at the meeting. The directors and officers of the Company do not know of any person or company beneficially owning, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of the Company except for Slater, Walker Securities Limited ("SWS"), London, England, which beneficially owns, directly or indirectly, 643,013 common shares of the Company, representing 44% of the outstanding common shares of the Company. SWS is a public United Kingdom company listed on The Stock Exchange, London and on The Toronto Stock Exchange.

## **PROPOSED AMALGAMATION**

The meeting has been called for the purpose amongst others of considering, and if thought fit, passing a resolution in favour of the approval and adoption, with or without variation, of the amalgamation agreement entered into on the 25th day of May, 1972 between the Company and UNAS Investments Limited ("UNAS") providing for the statutory amalgamation of such companies pursuant to Section 137 of the Canada Corporations Act under the name Slater, Walker of Canada Limited. If the amalgamation agreement is approved and adopted by a three-quarters vote of the shareholders of the Company at the meeting and by a three-quarters vote of the shareholders of UNAS at that company's Annual and Special General Meeting also to be held on June 20, 1972, the Company and UNAS will jointly apply to the Minister of Consumer and Corporate Affairs for Canada for letters patent of amalgamation confirming and giving effect to the amalgamation agreement.

The legal effect of the proposed amalgamation will be to merge the amalgamating companies into one continuing corporation which will possess all of the property, rights, assets, privileges and franchises, and will be subject to all the contracts, liabilities, debts and obligations of each of the amalgamating companies.

Under the amalgamation agreement, shareholders of the Company will receive 2 shares of the amalgamated company for each share of the Company held by them and shareholders of UNAS (other than the Company whose shares of UNAS will be cancelled) will receive 8 shares of the amalgamated company for every 3 shares of UNAS held by them. As a result, the amalgamated company will have a total of 3,728,466 common shares issued and outstanding following the amalgamation.

The Appendix to this Information Circular contains further information concerning the proposed amalgamation and a copy of the amalgamation agreement.

## **ELECTION OF DIRECTORS**

Under the by-laws of the Company, the Board of Directors consists of five directors to be elected annually. **The persons named in the enclosed form of proxy intend to vote the shares represented**



by such proxy, on any ballot that may be called for, for the election as directors of the proposed nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director; however, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director so elected will hold office until the next annual meeting or until his successor is duly elected or appointed in accordance with the by-laws of the Company or until the proposed amalgamation of the Company and UNAS becomes effective. The proposed directors of the amalgamated company are listed on pages 4 and 5 of the Appendix to this Information Circular.

The following table sets forth the names of the persons proposed to be nominated for election as directors, their principal occupations or employments, the period during which they have been directors and the approximate numbers of common shares of the Company beneficially owned by them, directly or indirectly, on May 25, 1972.

<u>Proposed Nominee for Director</u>	<u>Period of Service as a Director</u>	<u>Number of Common Shares Beneficially Owned</u>
JAMES D. SLATER Chairman of the Board of the Company, Chairman and Director Slater, Walker Securities Limited (Investment Bankers)	1971 to date	9,000
FRANCIS R. R. ROWE Director Slater, Walker Securities Limited (Investment Bankers)	1971 to date	9,000
ROBERT SMITH President and Director of the Company	1971 to date	44,486
JOHN A. TORY, Q.C. Partner Tory, Tory, DesLauriers & Binnington (Solicitors)	1971 to date	500
J. PEARCE BUNTING President Alfred Bunting & Co. Limited (Stockbrokers)	1971 to date	1,000

## REMUNERATION OF DIRECTORS AND OFFICERS

During the last completed financial year of the Company ended December 31, 1971 the aggregate direct remuneration paid or payable by the Company: (a) to the directors of the Company as a group was \$1,350; and (b) to the officers of the Company as a group was \$28,949. No remuneration was paid or payable to any such directors or officers by any subsidiary of the Company.

The estimated aggregate cost to the Company and its subsidiaries in such financial year of all pension benefits proposed to be paid to the directors and officers of the Company in the event of retirement at normal retirement age is \$3,035.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **Acquisition of Control of the Company**

Pursuant to agreements entered into on March 12, 1971, SWS, through a wholly-owned Canadian subsidiary, and Robert Smith, Toronto, Ontario, the President of the Company, completed on April 15, 1971 the acquisition from certain shareholders of the Company of 53,552 and 4,444 (pre-split and pre-rights) common shares of the Company, respectively, at a price of \$15 per share, together representing approximately 62% of the total common shares of the Company then issued and outstanding. Each of James D. Slater and Francis R. R. Rowe, both of London, England, directors of the Company, were at the time of such acquisition and are at the present time directors and shareholders of SWS.

### **Subdivision of Common Shares and Rights Offering**

On July 27, 1971, the common shares of the Company were subdivided on a three for one basis. Subsequently, holders of common shares of the Company of record at the close of business on August 5, 1971 were granted rights to subscribe for two additional common shares of the Company for each common share held on that date at a subscription price of \$5.00 per share. As a result of the rights offering, which expired on August 30, 1971, an additional 564,300 common shares were issued and consequently there were then issued and outstanding a total of 846,450 common shares of the Company. In addition to exercising in full the rights to which it became entitled under the rights offering SWS, through a wholly-owned Canadian subsidiary, pursuant to its undertaking to subscribe for any shares not taken up by other shareholders under the rights offering, subscribed for and took up a further 1,876 common shares of the Company at a subscription price of \$5.00 per share.

### **Placement of Shares of the Company by SWS**

On August 25, 1971 SWS, through a wholly-owned Canadian subsidiary, sold to Slater, Walker International Trust ("Swint"), Tokengate Investment Company Limited ("Tokengate") and Flag Investment Company Limited ("Flag"), all at a price of \$5.00 per share, 67,500, 56,268 and 43,200 common shares of the Company, respectively, out of the common shares for which it subscribed under the rights offering referred to above under Subdivision of Common Shares and Rights Offering. The sales were completed by way of exempt private placements under The Securities Act (Ontario) and Swint, Tokengate and Flag purchased for investment purposes. Swint is a Nassau based mutual fund, Tokengate is a listed English investment company and Flag is a listed English investment trust company. Swint, Tokengate and Flag are investment clients of Slater, Walker Investments Limited, a wholly-owned subsidiary of SWS.

### **Offer to Purchase Common Shares of UNAS Investments Limited**

Pursuant to a share-cash alternative offer (the "Offer") dated December 28, 1971 made by the Company to shareholders of UNAS, the Company acquired 387,692 common shares of UNAS. Of this number of common shares of UNAS, 216,202 were acquired in exchange for an aggregate of 324,268 common shares of the Company and 171,490 were acquired for an aggregate cash consideration of \$3,087,240. Such cash consideration and the underwriters' standby commission and expenses were derived from the proceeds of a public issue of common shares of the Company completed pursuant to an underwriting agreement (the "Underwriting Agreement") dated December 28, 1971 between the Company, as the issuer, and Slater, Walker Limited ("SWL"), a wholly-owned United Kingdom subsidiary of SWS, and Burns Bros. and Denton Limited, as co-underwriters. Pursuant to the Underwriting Agreement, SWL purchased 204,463 common shares of the Company and received the aggregate amount of \$338,607 representing its portion of the total underwriting discount and the underwriters' standby commission.

SWL deposited under the share alternative of the Offer all of the 193,528 common shares of UNAS which it purchased in the open market between September 15, 1971 and December 14, 1971 on behalf of itself and certain of its investment clients at an average cost of \$17.04 per share inclusive of brokerage charges.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote the shares represented by such proxy, on any ballot that may be called for, for the re-appointment of Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, Toronto, Ontario, as auditors of the Company, to hold office until the next annual meeting of shareholders, or until the proposed amalgamation between the Company and UNAS becomes effective, and to authorize the Board of Directors to fix the remuneration of the auditors. Arthur Young, Clarkson, Gordon & Co. were first appointed auditors of the Company at the Company's last annual meeting held on July 15, 1971 and, as referred to on page 7 of the Appendix to this Information Circular, it is proposed that they will be the auditors of the amalgamated company.

By Order of the Board of Directors,

J. GARNET PINK  
Secretary

May 25, 1972  
Toronto, Ontario.



**SLATER, WALKER OF CANADA LIMITED**

**APPENDIX TO  
INFORMATION CIRCULAR  
DATED MAY 25, 1972**

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# THE AMALGAMATING COMPANIES

## SLATER, WALKER OF CANADA LIMITED

### **General**

Slater, Walker of Canada Limited ("Slater, Walker"), formerly Stanley Brock Limited, was incorporated under the laws of Canada by letters patent dated March 12, 1931. In April, 1971 Slater, Walker Securities Limited ("SWS"), a major United Kingdom based holding company in the fields of investment banking, banking, insurance and real estate, acquired control of Slater, Walker and at the present time beneficially owns approximately 44% of the issued and outstanding common shares of Slater, Walker.

After its acquisition by SWS, the corporate name of Slater, Walker was changed to its present form, the operating assets of its laundry and dry cleaning equipment and supplies distribution business were sold to a newly incorporated wholly-owned subsidiary, Stanley Brock Canada Limited, and the nature of its business was transformed into that of an investment and holding company.

Slater, Walker subsequently acquired control of UNAS Investments Limited ("UNAS"), acquired a substantial minority interest in Peoples Department Stores Ltd. ("Peoples Stores") and arranged, in turn, for Peoples Stores to acquire 99.8% of the issued and outstanding Class B voting shares of Gordon Mackay & Stores Limited ("Gordon Mackay"). In addition, Slater, Walker negotiated on behalf of UNAS the acquisition of a 28% interest in Alliance Building Corporation Limited ("Alliance"), a real estate development and investment company. Slater, Walker, UNAS, Peoples Stores, Gordon Mackay and Alliance are all listed on The Toronto Stock Exchange and Slater, Walker and Peoples Stores are also listed on the Montreal Stock Exchange.

### **Business**

Slater, Walker carries on business as an investment and holding company and financial agent. It has primarily invested in or acquired businesses which possessed substantial asset values relative to acquisition prices and also had potential for increased earnings.

The net assets of Slater, Walker, on the basis of recent market values for investments having quoted values and book values for other assets and liabilities, amount to approximately \$22 million of which approximately \$13 million is attributable to its investment in UNAS.

### **Peoples Department Stores Ltd.**

As a result of purchases by way of an oral private agreement, open market transactions and a public cash offer, Slater, Walker acquired a substantial minority interest in Peoples Stores in late 1971 and now owns, directly and indirectly, an aggregate of 577,238 common shares of Peoples Stores, representing approximately 40% of its issued and outstanding shares.

Peoples Stores, which is engaged in the retail distribution of a broad range of medium to low-priced clothing and variety goods, currently operates 45 stores ranging in size from 3,200 square feet to 36,000 square feet of net selling space, of which 12 are located in Ontario, 29 in Quebec and 4 in Nova Scotia. In addition, Peoples Stores maintains a 35,000 square foot warehouse adjacent to its executive offices in Montreal. All of these premises are leased for varying periods ranging up to 33 years. Peoples Stores plans to open 6 additional stores in the near future.

Peoples Stores recently announced that it has agreed to form a jointly owned company with Marks and Spencer Limited of the United Kingdom to open and operate a number of shops in Canada under the name St. Michael Shops of Canada Limited. The new shops will sell Marks and Spencer products in Canada under the well known "ST. MICHAEL" name. It is expected that a minimum of 5 shops will be opened in the current financial year.

### **Gordon Mackay & Stores Limited**

Pursuant to an agreement dated December 1, 1971 negotiated by Slater, Walker and a subsequent public offer dated February 18, 1972, Peoples Stores acquired 216,758 Class B voting shares of Gordon Mackay representing 99.8% of all issued and outstanding Class B shares of Gordon Mackay. The class B shares are the only voting shares in the capital of Gordon Mackay.



Gordon Mackay, through a wholly-owned subsidiary, operates 41 retail stores throughout Ontario under the names "Walkers" and "Smith's of Windsor" providing a broad range of family apparel together with fabrics, household furnishings and giftware in the medium price range.

The retail stores, of which 15 are owned and 26 are leased for periods of up to 19 years, range in size from 1,600 square feet to 56,000 square feet of net selling space. Gordon Mackay leases warehouse and office premises in Toronto having an area of 61,500 square feet.

### ***R. C. Baxter Properties Limited***

On April 14, 1972 it was announced that Slater, Walker had agreed, subject to verifying certain figures, to acquire all of the equity and certain debentures of R. C. Baxter Properties Limited for an aggregate consideration of approximately \$7.5 million. Baxter Properties is a privately-owned real estate investment company which holds four office buildings, five shopping centres and one apartment building (all income producing properties) in British Columbia, Saskatchewan, Manitoba and Ontario having an aggregate value in excess of \$25 million.

### ***Stanley Brock Canada Limited***

Stanley Brock Canada Limited, a wholly-owned subsidiary of Slater, Walker, carries on business as a distributor of dry cleaning and laundry equipment and supplies in the western provinces of Canada with particular emphasis on sales to institutional purchasers such as hospitals. Sales offices and warehouses are maintained in the cities of Winnipeg, Regina, Calgary, Edmonton and Vancouver. These premises, which range in area from 8,600 square feet to 33,000 square feet, are all rented by Stanley Brock Canada Limited from Slater, Walker except for the Regina premises which are leased until December 31, 1973 from a third party.

## **UNAS INVESTMENTS LIMITED**

### ***General***

UNAS, formerly United North Atlantic Securities Ltd., was incorporated under the laws of Canada by letters patent dated March 16, 1953. Pursuant to an agreement dated September 14, 1971 between Slater, Walker and a Canadian chartered bank and a public offer dated December 28, 1971, Slater, Walker has acquired and now holds 576,599 common shares of UNAS representing approximately 66% of the issued and outstanding shares of UNAS.

### ***Business***

Prior to its acquisition by Slater, Walker, UNAS was a closed-end investment company investing in a large number of quoted and unquoted securities. Following the initial investment in UNAS by Slater, Walker, the investment policy of UNAS was revised with a view to directing its substantial assets into a smaller number of selected investments or acquisitions. In implementing this policy, many of the securities held by UNAS have been sold and one major investment has been made, namely a 28% holding in Alliance.

The net assets of UNAS, on the basis of recent market values for investments having quoted values and book values for other assets and liabilities, amount to approximately \$19.5 million.

### ***Alliance Building Corporation Limited***

Alliance is a real estate development and investment company holding a portfolio of land in the Toronto area and rental income investments including industrial, office and shopping centre properties.

Alliance has recently contracted to purchase Duffins Creek Estates Ltd. and associated companies for approximately \$6 million. These companies own 950 acres of land in the town of Ajax, 20 miles east of Toronto and a number of income-producing investment properties.

## REASONS FOR AMALGAMATION

As previously indicated, both Slater, Walker and UNAS now carry on business as investment and holding companies.

The proposed amalgamation of Slater, Walker and UNAS under the name Slater, Walker of Canada Limited will integrate the assets and business operations of each of the amalgamating companies in one corporate entity under one management group thereby achieving maximum efficiencies by eliminating duplication of management, accounting, legal and administrative functions. In addition, the combined financial and management resources of Slater, Walker and UNAS will give the amalgamated company an investment and acquisition capacity substantially greater than the separate capacities of the amalgamating companies.

Consequently, the shareholders of both Slater, Walker and UNAS will benefit from the proposed amalgamation.

## BASIS OF THE AMALGAMATION

Upon the amalgamation becoming effective, the shareholders of Slater, Walker and UNAS will be entitled to receive common shares in the amalgamated company on the following basis:

- (a) shareholders of Slater, Walker will receive 2 common shares of the amalgamated company for each common share of Slater, Walker held by them immediately prior to the amalgamation; and
- (b) shareholders of UNAS, other than Slater, Walker, will receive 8 common shares of the amalgamated company for every 3 common shares of UNAS held by them immediately prior to the amalgamation. The common shares of UNAS held by Slater, Walker will be cancelled on the amalgamation without payment of any amount to Slater, Walker in respect thereof.

The shares to be issued to the shareholders of Slater, Walker and UNAS will be fully paid and non-assessable common shares without nominal or par value in the capital stock of the amalgamated company.

In order to ensure that all of the shareholders of Slater, Walker and UNAS will participate in the amalgamated company on an equitable basis, it has been necessary to establish relative values for the shares of Slater, Walker and for the shares of UNAS. As previously referred to, shareholders of Slater, Walker will receive 2 shares of the amalgamated company for each share of Slater, Walker held immediately prior to the amalgamation and shareholders of UNAS, other than Slater, Walker, will receive 8 shares of the amalgamated company for every 3 shares of UNAS held immediately prior to the amalgamation. These exchange ratios reflect a relative value of the existing shares of Slater, Walker and UNAS in the ratio of 4 shares of Slater, Walker to 3 shares of UNAS.

This relative value was determined to be an equitable basis for amalgamation by the respective boards of directors of Slater, Walker and UNAS after considering a number of factors including the earnings, general financial position, history, prospects and management of Slater, Walker and UNAS, the relative values of the underlying assets of both Slater, Walker and UNAS and the relative market values of the shares of both companies.

The price range and volume of trading of Slater, Walker and UNAS common shares for the last six months as reported by The Toronto Stock Exchange are set out below for the purposes of comparison.

Period	Slater, Walker			UNAS		
	High	Low	Volume	High	Low	Volume
1971 November.....	\$10 $\frac{3}{4}$	\$ 9 $\frac{1}{2}$	9,000	\$17	\$16	8,600
December.....	14	10 $\frac{3}{4}$	27,700	17 $\frac{1}{4}$	16 $\frac{1}{4}$	13,600
1972 January.....	17 $\frac{1}{2}$	12 $\frac{3}{4}$	72,600	19	17	17,300
February.....	17	15	38,000	20	18 $\frac{3}{4}$	26,600
March.....	16 $\frac{1}{2}$	15 $\frac{1}{2}$	22,300	21	19 $\frac{1}{2}$	6,400
April.....	20	16 $\frac{1}{4}$	40,500	21 $\frac{1}{4}$	21	2,600
May (to 25th).....	24	18	65,000	29 $\frac{1}{2}$	21	20,500



# THE AMALGAMATED COMPANY

## *Nature and Effect of the Amalgamation*

The legal effect of the amalgamation will be to fuse or merge Slater, Walker and UNAS into one continuing company under the name Slater, Walker of Canada Limited. The amalgamation agreement is set out in its entirety commencing at page A-1 and reference is made thereto for the complete terms and conditions of the proposed amalgamation including the by-laws of the amalgamated company.

The amalgamated company will possess all of the property, rights, assets, privileges and franchises of Slater, Walker and UNAS and will be subject to all of their contracts, liabilities, debts and obligations.

The objects of the amalgamated company are set out in paragraph 4 of the amalgamation agreement.

The authorized capital of the amalgamated company is described in paragraph 5 of the amalgamation agreement and the number of shares of the amalgamated company which will be received by the shareholders of Slater, Walker and UNAS is described in paragraph 6 of the amalgamation agreement.

## *Corporate Objectives*

It is intended that the amalgamated company will carry on business as an investment and holding company and financial agent and that its operations will be expanded and diversified primarily through the acquisition of or investment in a broad range of businesses. In implementing such policy, the amalgamated company will primarily invest in or acquire businesses possessing substantial asset values relative to acquisition prices while having potential for increased earnings. As a financial agent, the amalgamated company will earn fees in connection with transactions it arranges on behalf of others, including its subsidiaries and associates, and in connection with a variety of other financial services which it may provide.

The amalgamated company will purchase minority interests in companies in circumstances where its skills and resources will assist such companies. For example, looking to the experience of Slater, Walker, the operations of Gordon Mackay were a logical extension of the operations of Peoples Stores and Slater, Walker therefore negotiated the initial acquisition of shares of Gordon Mackay and assisted Peoples Stores in its public offer to acquire virtually all of the remaining voting shares of Gordon Mackay. Subsequently, Slater, Walker provided full-time management assistance to Gordon Mackay in connection with the reorganization of that company.

The basic investment philosophy of the amalgamated company will be to acquire assets not being utilized to their full potential and to employ such assets more profitably or to convert them to cash for investment elsewhere at an increased return.

## *Directors and Officers*

The names, home addresses, principal occupations and proposed positions in the amalgamated company of the proposed directors and officers of the amalgamated company are:

<u>Name and Address</u>	<u>Proposed Position</u>	<u>Principal Occupation</u>
JAMES DERRICK SLATER..... High Beeches, Blackhills, Esher, Surrey, England.	Chairman of the..... Board and Director	Chairman and Director, Slater, Walker Securities Limited
ROBERT SMITH..... 83 Banbury Road, Don Mills, Ontario.	President and..... Director	President of Slater, Walker and UNAS
FRANCIS RICHARD ROLAND..... ROWE 60 Castelnau, London S.W. 13, England.	Director.....	Director Slater, Walker Securities Limited



<u>Name and Address</u>	<u>Proposed Position</u>	<u>Principal Occupation</u>
JOHN PEARCE BUNTING..... 129 Dinnick Crescent, Toronto, Ontario.	Director.....	President, Alfred Bunting & Co. Limited
JOHN ARNOLD TORY, Q.C..... 41 Glenallan Road, Toronto 12, Ontario.	Director.....	Partner in the law firm of Tory, Tory, DesLauriers & Binnington
GRAEME GEORGE KIRKLAND..... 381 Banbury Road, Willowdale, Ontario.	Vice-President and..... Director	Executive of Slater, Walker
ROBERT WILLEM KORTHALS..... 10 Wychwood Park, Toronto 4, Ontario	Director.....	General Manager, National Accounts The Toronto-Dominion Bank
WESTELL GORDON PEAKER..... 21 Lambeth Crescent, Islington, Ontario.	Treasurer.....	Executive of Slater, Walker
JOHN GARNET PINK..... 521 Rattray Park Drive, Mississauga, Ontario.	Secretary.....	Associate in the law firm of Tory, Tory, DesLauriers & Binnington
RICHARD WILLIAM BRISSENDEN..... 5 Elm Avenue, Toronto 5, Ontario	Assistant Treasurer.....	Executive of Slater, Walker

### ***Capitalization***

The following table states the share and loan capital of the amalgamated company on an unaudited pro forma basis as at March 31, 1972.

	<u>Authorized</u>	<u>Outstanding on March 31, 1972</u>
<b>SECURED CURRENT LIABILITIES</b>		
Demand loans from banks.....	—	\$1,319,327
<b>SHARE CAPITAL</b>		
Common shares without nominal or par value.....	7,500,000 shs.	3,728,466 shs. (\$14,195,734)

### ***Description of Common Shares***

The authorized capital of the amalgamated company will consist of 7,500,000 common shares without nominal or par value of which 3,728,466 of such common shares will be issued and outstanding as fully paid and non-assessable after giving effect to the proposed amalgamation.

The holders of the common shares of the amalgamated company will be entitled to one vote for each share held at all meetings of shareholders and all common shares will rank equally with all other common share with respect to dividend rights and upon a winding-up or dissolution of the amalgamated company. The holders of the common shares of the amalgamated company will have no pre-emptive, conversion or subscription rights.

### ***Principal Holders of Common Shares***

As of the date hereof, Slater, Walker has outstanding 1,467,297 common shares without nominal or par value and the directors and officers of Slater, Walker do not know of any person or company beneficially owning, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of Slater, Walker except for SWS which beneficially owns, directly or indirectly, 643,013 common shares of Slater, Walker representing 44% of the outstanding common shares of Slater, Walker.

As of the date hereof, UNAS has outstanding 874,301 common shares without nominal or par value and the directors and officers of UNAS do not know of any person or company beneficially owning, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of UNAS except for Slater, Walker which beneficially owns, directly or indirectly, 576,599 common shares of UNAS, representing 66% of the outstanding common shares of UNAS, and The Toronto-Dominion Bank which beneficially owns, directly or indirectly, 94,454 common shares of UNAS, representing 11% of the outstanding common shares of UNAS.

After giving effect to the amalgamation, the amalgamated company will have outstanding 3,728,466 common shares without nominal or par value and, based upon the existing holdings of the principal shareholders of the amalgamating companies as described above, the only person or company which will beneficially own, directly or indirectly, common shares of the amalgamated company carrying more than 10% of the voting rights attached to all common shares of the amalgamated company will be SWS which will beneficially own, directly or indirectly, 1,286,026 common shares of the amalgamated company representing 34.5% of the issued and outstanding common shares of the amalgamated company.

### ***Dividend Policy***

During the past five years, Slater, Walker paid stock dividends in redeemable preferred shares on its common shares out of tax-paid undistributed income as follows:

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u> (to May 25)
Per common share . . . .	17¢	17¢	25¢	25¢	25¢	Nil
Total . . . . .	\$47,025	\$47,025	\$70,538	\$70,538	\$70,538	Nil

Note: All per share figures reflect the three for one subdivision of the common shares on July 27, 1971 but do not reflect the issuance of an additional 564,300 common shares pursuant to the rights offering on August 5, 1971 which expired on August 30, 1971.

During the past five years, UNAS paid cash dividends on its common shares as follows:

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u> (to May 25)
Per common share . . . .	25¢	28¢	30¢	30¢	30¢	Nil
Total . . . . .	\$168,309	\$188,785	\$254,100	\$255,330	257,400	Nil

Subject to the amalgamation becoming effective and to the development of no unforeseen circumstances, it is proposed that the amalgamated company establish payment of regular dividends on its common shares. The amount of the dividends will be decided by the board of the amalgamated company and it is expected that the first payment will be made as soon as possible after the amalgamation becomes effective.

### ***Stock Exchange Listings***

The common shares of the amalgamated company will be listed on The Toronto Stock Exchange and on the Montreal Stock Exchange.



### ***Auditors***

The auditors of the amalgamated company will be Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario.

### ***Transfer Agent and Registrar***

The transfer agent and registrar for the common shares of the amalgamated company will be The Canada Trust Company at its principal offices in Toronto, Montreal, Winnipeg, Regina and Vancouver.

### ***Head Office***

The head and principal office of the amalgamated company will be Suite 1600, Royal Trust Tower, Toronto-Dominion Centre, Toronto 111, Ontario.

## **TAX CONSIDERATIONS**

### ***Canada***

Under the Canadian Income Tax Act the proposed statutory amalgamation would require the payment of a special tax of approximately \$150,000, representing 25% of the existing "designated surplus" in UNAS. In order to eliminate the payment of such tax, immediately prior to the amalgamation UNAS will pay a special 15% tax of approximately \$90,000 to create approximately \$500,000 of tax-paid undistributed surplus in UNAS which will carry forward as such in the amalgamated company.

For the purposes of the Canadian tax on capital gains: (1) shareholders of both Slater, Walker and UNAS will be afforded a rollover on the exchange of their shares of Slater, Walker and UNAS for shares of the amalgamated company with the result that no capital gain or loss will be recognized as a result of the amalgamation except on the sale of fractions, if any; and (2) the cost of the shares of the amalgamated company received by the shareholders of Slater, Walker and UNAS will be the adjusted cost base, at the time of the amalgamation, of the shares of Slater, Walker and UNAS exchanged for such shares of the amalgamated company.

### ***United States***

United States Tax Counsel advises that if United States tax authorities are satisfied that the amalgamation will qualify as a tax-free reorganization under United States tax concepts and that the amalgamation does not have as one of its principal purposes the avoidance of United States income taxes and if such authorities act favourably on a request for rulings in this regard prior to the effective date of the amalgamation: (1) the amalgamation will not result in the recognition of any gain or loss under United States federal income tax laws to the United States shareholders of Slater, Walker and UNAS (except on the sale of fractional interests, if any); (2) the basis to such shareholders of their shares in the amalgamated company will be the same as the basis for their Slater, Walker and UNAS shares, respectively; and (3) the holding period of their shares in the amalgamated company will include the holding period of their Slater, Walker and UNAS shares, respectively. Application for such income tax rulings has been made to the United States Commissioner of Internal Revenue by Slater, Walker and UNAS and it is hoped that favourable rulings will be received prior to the effective date of the amalgamation. However, no assurance of such receipt of rulings can be given and it is intended that the amalgamation will be implemented even if the rulings have not been received before the effective date or if such rulings are unfavourable.

It is also the opinion of United States Tax Counsel that if the abovementioned income tax rulings are granted, it will follow that Interest Equalization Tax will not be payable by United States shareholders in respect of the acquisition of shares of the amalgamated company pursuant to the amalgamation.

## **MECHANICS OF AMALGAMATION**

### ***Issue of Letters Patent Confirming Amalgamation Agreement***

Under Section 137 of the Canada Corporations Act the amalgamation agreement will be deemed to have been adopted by each of Slater, Walker and UNAS when 75% of the votes cast at special general meetings of their respective shareholders are in favour of the amalgamation agreement.



Accordingly, if the amalgamation agreement is approved by at least 75% of the votes cast by the shareholders of Slater, Walker at the annual and special general meeting of the shareholders of Slater, Walker and by 75% of the votes cast by shareholders of UNAS at that company's annual and special general meeting, Slater, Walker and UNAS will make a joint application to the Minister of Consumer and Corporate Affairs for Canada for letters patent of amalgamation confirming and giving effect to the amalgamation agreement.

The amalgamation will become effective as of June 30, 1972 upon the issue of the letters patent confirming the amalgamation agreement at which time Slater, Walker and UNAS will be amalgamated and will continue as one company with the name Slater, Walker of Canada Limited on the basis set forth in the amalgamation agreement.

### ***Exchange of Share Certificates***

Upon the issue of letters patent confirming the amalgamation agreement, the common shares of Slater, Walker and the common shares of UNAS will be converted into common shares of the amalgamated company on the basis set out in paragraph 6 of the amalgamation agreement and described on page 3 hereof.

Subsequent to the issue of letters patent confirming the amalgamation agreement, existing share certificates of Slater, Walker will continue as evidence of ownership of the same number of common shares of the amalgamated company and former shareholders of Slater, Walker will be issued additional share certificates representing one additional common share of the amalgamated company for each common share of Slater, Walker held by them on the effective date of the amalgamation with the result that following the issue of such additional certificates the former shareholders of Slater, Walker will have certificates representing two common shares of the amalgamated company for each share of Slater, Walker previously held by them. The amalgamated company will request former shareholders of UNAS to surrender the certificates representing their common shares of UNAS and upon such surrender, they will be entitled to receive certificates representing common shares of the amalgamated company on the basis of 8 common shares of the amalgamated company for every 3 common shares of UNAS previously held.

### ***Sale of Fractional Share Interests***

Shareholders of UNAS who become entitled to fractional interests in shares of the amalgamated company as a result of the amalgamation, will not be registered on the books of the amalgamated company in respect of such fractional interests and will not receive share certificates representing such fractional interests or dividends thereon. The Canada Trust Company, the transfer agent and registrar of the amalgamated company, will purchase on behalf of shareholders of UNAS entitled to fractional interests further fractional interests (to the extent available) in order to produce whole shares of the amalgamated company, or will sell, on behalf of such shareholders, the fractional interests to which they are entitled. Such shareholders entitled to fractional interests will be notified subsequent to the amalgamation regarding the procedures necessary to so instruct The Canada Trust Company. Sixty days after the effective date of the amalgamation, those shareholders who have not instructed the transfer agent either to purchase or to sell on their behalf their fractional interests will be deemed to have instructed the transfer agent to sell such fractional interests and shall thereafter be entitled to receive only the net proceeds of the sale thereof, without interest.

**Slater, Walker of Canada Limited**  
**Consolidated Balance Sheets**  
**and**  
**Pro Forma Consolidated Balance Sheet**  
**of the Amalgamated Company**

	<b>Assets</b>		<b>Amalgamated Company Pro Forma March 31, 1972 note (3) (unaudited)</b>
	<b>December 31, 1971</b>	<b>March 31, 1972 (unaudited)</b>	
INVESTMENTS (notes 2 and 4)			
Associated Companies:			
Shares, at equity (market 1971—\$9,280,000; 1972—\$14,494,000).....	\$ 8,457,732	\$ 9,047,631	\$ 9,373,512
Advances.....	21,192	137,000	137,000
	<u>8,478,924</u>	<u>9,184,631</u>	<u>9,510,512</u>
Unconsolidated Subsidiary Companies:			
Shares, at equity.....	47,338	37,263	37,263
Advances.....	1,077,747	1,012,422	1,012,422
	<u>1,125,085</u>	<u>1,049,685</u>	<u>1,049,685</u>
Portfolio:			
Quoted securities, at cost (market—\$4,241,000)		3,824,365	3,904,548
Unquoted securities, at cost.....		7,694,879	7,694,879
		<u>11,519,244</u>	<u>11,599,427</u>
Less provision for diminution.....		1,872,692	1,872,692
		<u>9,646,552</u>	<u>9,726,735</u>
	9,604,009	19,880,868	20,286,932
CASH.....	155,090	3,425,673	—
TRADING SECURITIES, AT COST (MARKET 1971—\$845,000; 1972—\$2,200,000).....	620,571	1,915,047	1,915,047
ACCOUNTS RECEIVABLE AND ACCRUED INTEREST.....	—	459,839	459,839
OTHER.....	269,039	360,132	360,132
	<u>\$10,648,709</u>	<u>\$26,041,559</u>	<u>\$23,021,950</u>
	<b>Liabilities</b>		
DEMAND LOANS FROM BANKS (note 5).....	\$ 5,025,000	\$ 4,745,000	\$ 1,319,327
DEMAND LOAN FROM AFFILIATED COMPANY.....	862,245	869,963	869,963
ACCOUNTS PAYABLE AND ACCRUED CHARGES.....	143,158	1,108,477	1,108,477
INCOME TAXES PAYABLE.....	—	193,202	283,202
PROVISION FOR RETIREMENT ALLOWANCES.....	—	115,541	115,541
	<u>6,030,403</u>	<u>7,032,183</u>	<u>3,696,510</u>
MINORITY INTEREST.....	—	6,089,188	—
SHARE CAPITAL (note 6)	<b>Shareholders' Equity</b>		
Authorized:			
1,600,000 3% non-cumulative redeemable prefer- red shares par value 50¢			
2,000,000 common shares without nominal or par value (pro forma 7,500,000 com- mon shares)			
Issued:			
846,450 common shares.....	3,030,500		
1,467,297 common shares.....		10,373,896	
3,728,466 common shares.....			14,195,734
CONTRIBUTED SURPLUS.....			2,583,414
RETAINED EARNINGS (note 7).....	1,587,806	1,896,824	1,896,824
EXCESS OF ESTIMATED FAIR VALUE OF NET ASSETS ACQUIRED OVER COST OF SHARES OF SUBSIDIARY COMPANY.....		649,468	649,468
	<u>4,618,306</u>	<u>12,920,188</u>	<u>19,325,440</u>
	<u>\$10,648,709</u>	<u>\$26,041,559</u>	<u>\$23,021,950</u>

(See accompanying notes to consolidated financial statements)

# Slater, Walker of Canada Limited

## Consolidated Statements of Earnings and Retained Earnings

### Earnings

	Year Ended December 31, 1971	Three Months Ended March 31, 1972 (unaudited)
FINANCIAL ACTIVITIES		
Financial income including fees, interest and dividends.....	\$ 49,500	\$ 392,819
Equity in net earnings of UNAS Investments Limited.....	40,986	—
	<u>90,486</u>	<u>392,819</u>
INDUSTRIAL ACTIVITIES.....	106,839	78,312
	<u>197,325</u>	<u>471,131</u>
EXPENSES.....	84,390	299,226
	<u>112,935</u>	<u>171,905</u>
MINORITY INTEREST.....	—	52,903
EARNINGS BEFORE NET GAIN ON DISPOSAL OF INVESTMENTS (note 8).....	112,935	119,002
NET GAIN ON DISPOSAL OF INVESTMENTS (AFTER TAXES OF \$98,549 AND MINORITY INTEREST OF \$286,346 IN 1972).....	26,414	562,610
EARNINGS FOR THE PERIOD.....	<u>\$ 139,349</u>	<u>\$ 681,612</u>
EARNINGS PER SHARE (note 9)		
Before net gain on disposal of investments.....	24.0¢	8.1¢
Net gain on disposal of investments.....	5.6	38.3
For the period.....	<u>29.6¢</u>	<u>46.4¢</u>

### Retained Earnings

BALANCE AT BEGINNING OF PERIOD (note 7).....	\$1,549,743	\$1,587,806
EARNINGS FOR THE PERIOD.....	139,349	681,612
	<u>1,689,092</u>	<u>2,269,418</u>
DEDUCT:		
Preferred stock dividend paid out of tax-paid undistributed income (subsequently redeemed) (note 6).....	70,538	
Expenses of shares issued (net of \$5,000 income taxes in 1971).....	20,109	362,475
Dilution of equity in net assets of UNAS Investments Limited resulting from exercise of share options.....	10,639	10,119
	<u>101,286</u>	<u>372,594</u>
BALANCE AT END OF PERIOD (note 7).....	<u>\$1,587,806</u>	<u>\$1,896,824</u>

*(See accompanying notes to consolidated financial statements)*



**Slater, Walker of Canada Limited**  
**Notes to Consolidated Financial Statements**  
**(Information at March 31, 1972 and**  
**for the three months then ended is unaudited)**

**1. BUSINESS OF THE COMPANY**

Early in 1971 control of the Company was acquired by Slater, Walker Securities Limited, London, England, through a wholly-owned Canadian subsidiary, and the Company's name was subsequently changed from Stanley Brock Limited to its present form.

Effective August 1, 1971 the dry cleaning and laundry equipment and supplies distribution business formerly carried on by the Company was transferred to a newly incorporated wholly-owned subsidiary, Stanley Brock Canada Limited. The Company then changed the nature of its business from that of an industrial enterprise to that of an investment management and holding company.

**2. BASIS OF CONSOLIDATION**

In 1970 and prior years the Company and all of its subsidiaries were engaged in industrial activities, and the financial statements accordingly consolidated the accounts of all of the companies. As a result of the change in 1971 in the nature of the Company's business, as described in note 1, the Company adopted the practice of consolidating the accounts of the Company and its investment subsidiaries only, all of which were wholly-owned at December 31, 1971. As explained in note 4, UNAS Investments Limited, which was 22% owned at December 31, 1971 and treated as an associated company, became a 66% owned subsidiary early in 1972 and was consolidated at March 31, 1972. The pro forma balance sheet at March 31, 1972 gives effect to the proposed amalgamation of the Company and UNAS on the basis described in note 3.

Investments in industrial subsidiaries and in associated companies are accounted for on the equity method whereby the investments are initially recorded at cost and the carrying amounts are (a) adjusted to recognize the Company's share of earnings or losses and capital transactions since acquisition and (b) reduced by dividends received.

This change in consolidation practice, and certain other revisions in financial statement presentation designed to reflect the altered nature of the Company's business, have no effect on the Company's earnings.

The Company's investment in shares of associated and unconsolidated subsidiary companies consists of the following:

	<u>Percentage ownership</u>	<u>Cost</u>	<u>Increase (decrease) in equity since acquisition</u>	<u>Carrying value at equity</u>
<b>DECEMBER 31, 1971</b>				
<b>ASSOCIATED COMPANIES:</b>				
UNAS Investments Limited (note 4 (a)).....	22	\$3,404,559	\$ 443	\$3,405,002
Peoples Department Stores Ltd. (note 4 (b))....	44	5,092,189	(39,459)	5,052,730
		<u>\$8,496,748</u>	<u>\$ (39,016)</u>	<u>\$8,457,732</u>
<b>UNCONSOLIDATED SUBSIDIARIES:</b>				
Stanley Brock Canada Limited.....	100	\$ 20	\$ 25,736	\$ 25,756
City Chemical & Products Company Limited....	100	6,000	15,582	21,582
		<u>\$ 6,020</u>	<u>\$ 41,318</u>	<u>\$ 47,338</u>
<b>MARCH 31, 1972</b>				
<b>ASSOCIATED COMPANIES:</b>				
Peoples Department Stores Ltd.....	38	\$5,047,797	\$ (64,116)	\$4,983,681
Inter-City Gas Limited.....	30	2,750,000	64,900	2,814,900
Alliance Building Corporation Limited.....	28	1,249,050	—	1,249,050
		<u>\$9,046,847</u>	<u>\$ 784</u>	<u>\$9,047,631</u>
<b>UNCONSOLIDATED SUBSIDIARIES:</b>				
Stanley Brock Canada Limited.....	100	\$ 20	\$ 14,616	\$ 14,636
City Chemical & Products Company Limited....	100	6,000	16,627	22,627
		<u>\$ 6,020</u>	<u>\$ 31,243</u>	<u>\$ 37,263</u>

### 3. PRO FORMA CONSOLIDATED BALANCE SHEET OF THE AMALGAMATED COMPANY

The pro forma consolidated balance sheet as at March 31, 1972 gives effect to the proposed amalgamation of Slater, Walker of Canada Limited and UNAS Investments Limited on a purchase basis of accounting and reflects the following adjustments:

- (a) The obtaining of letters patent of amalgamation creating 7,500,000 common shares without nominal or par value;
- (b) The cancellation of the 576,599 common shares of UNAS held by Slater, Walker;
- (c) The conversion of the 1,467,297 issued common shares of Slater, Walker into 2,934,594 common shares of the amalgamated company on a 2 for 1 basis;
- (d) The conversion of the 297,702 common shares of UNAS not owned by Slater, Walker into 793,872 common shares of the amalgamated company on an 8 for 3 basis as follows (based on unaudited financial statements of UNAS at March 31, 1972):

	(\$'000)
Tangible assets at book value, which is equivalent to estimated fair value.....	\$20,766
Liabilities.....	1,690
Net tangible assets.....	<u>\$19,076</u>
Portion applicable to the shares of UNAS not owned by Slater, Walker (34.05%).....	\$ 6,495
Less estimated taxes on undistributed income of UNAS to be paid prior to the amalgamation	90
	<u>6,405</u>
Consideration attributed to the 793,872 shares of the amalgamated company exchanged for the UNAS common shares not owned by Slater, Walker.....	3,822
Contributed surplus.....	<u>\$ 2,583</u>

- (e) The repayment of the demand loans from banks from the cash resources of the amalgamated company.
- (f) The payment by the amalgamating companies of their respective amalgamation expenses totalling approximately \$20,000 will be charged to their retained earnings and have not been reflected in the accompanying pro forma consolidated balance sheet.

### 4. ACQUISITIONS

#### (a) UNAS Investments Limited

On September 20, 1971 the Company purchased for cash a 22% interest in UNAS Investments Limited, a closed-end investment company. This investment has been accounted for on the equity basis at December 31, 1971.

Subsequent to the year-end this investment was increased to a 66% interest through an offer made on December 28, 1971 giving the UNAS shareholders the option of receiving either \$18 cash per share or three common shares of the Company for two common shares of UNAS. This additional acquisition has been treated on the purchase basis of accounting and the accounts of UNAS have been consolidated with those of the Company at March 31, 1972. The excess of the Company's interest in the net tangible assets of UNAS over the purchase price of the investment has been included in the consolidated accounts as a separate item in shareholders' equity.

The following acquisition equation reflects both the 22% interest in UNAS acquired during 1971 and the additional interest acquired in 1972, based on consolidated financial statements of that company at December 31, 1971:

	(\$'000)
Tangible assets at book value, which is equivalent to estimated fair value.....	\$18,048
Liabilities.....	1,209
Net tangible assets.....	<u>\$16,839</u>
Company's interest therein (approximately 66%).....	\$11,144
Less portion thereof relating to the Company's 22% interest in unrealized appreciation since September 20, 1971 of investments held by UNAS.....	112
Company's equity interest in net tangible assets at dates of acquisition.....	11,032
Excess of interest in net tangible assets over purchase price of investment.....	649
Purchase price.....	<u>\$10,383</u>
Satisfied as follows:	
Cash paid in 1971.....	\$ 3,405
Cash paid in 1972.....	3,087
Issue in 1972 of 324,268 common shares of the Company for a consideration of.....	3,891
	<u>\$10,383</u>

The cash payment in 1972 was financed by the sale in that year of 296,579 common shares of the Company for \$3,452,180 cash. The balance of the proceeds was used for payment of underwriters' commissions and share issue expenses.

(b) Peoples Department Stores Ltd:

During the period September 14 to November 10, 1971 the Company acquired 527,656 common shares of Peoples Department Stores Ltd. which gave it a 44% equity interest in the net tangible assets of the Company as follows (based on unaudited financial statements at October 31, 1971):

	(\$'000)
Tangible assets at book value which is equivalent to estimated fair value.....	\$ 6,823
Liabilities.....	1,559
Net tangible assets.....	\$ 5,264
Company's equity interest in net tangible assets (44%).....	\$ 2,316
Excess of total purchase price of investment over interest in net tangible assets.....	2,776
Total purchase price paid in cash.....	\$ 5,092

The Company accounts for this investment on the equity method, and will recognize its share of Peoples Stores' earnings commencing in April, 1972. The excess of the total purchase price of the investment over the Company's interest in net tangible assets will not be amortized unless its value is impaired. Dividends of \$39,459 were received during 1971 and have been credited to the carrying value of the investment.

Pursuant to an agreement dated December 1, 1971 and a subsequent public offer dated February 18, 1972, Peoples Stores acquired over 99% of the Class B Shares of Gordon Mackay & Stores Limited for an aggregate consideration of \$5,448,800 consisting of \$2,180,600 cash and 195,120 shares of Peoples Stores.

5. DEMAND LOANS FROM BANKS

Investments in shares of quoted associated and subsidiary companies have been pledged as collateral security for bank loans.

6. SHARE CAPITAL

During 1971 the Company:

- (a) Obtained supplementary letters patent subdividing the authorized and issued common shares on a 3 for 1 basis and increasing the authorized share capital to 2,000,000 common shares.
- (b) Issued 564,300 common shares for cash of \$2,821,500 under a rights offering which expired on August 30, 1971.
- (c) Issued and subsequently redeemed at par 141,075 preferred shares as a stock dividend paid out of tax-paid undistributed income.

Changes in the Company's issued share capital since the year end are set out in note 4(a).

7. RETAINED EARNINGS

Tax-paid undistributed income, previously shown separately, has been included in the retained earnings account as follows:

Balance at January 1, 1971.....	\$155,388
Balance at December 31, 1971 and March 31, 1972.....	84,850

Under Section 62 of the Canada Corporations Act, distribution of retained earnings at December 31, 1971 and March 31, 1972 is restricted except to the extent that such earnings exceed \$728,888.

8. DEPRECIATION, INTEREST AND INCOME TAXES

Earnings have been determined after deducting the following expenses:

	Year 1971	Three Months ended March 31, 1972
Depreciation.....	\$15,195	\$ 2,744
Interest.....	13,691	88,759
Income taxes.....	10,500	79,000

9. EARNINGS PER SHARE

Earnings per share have been computed on the basis of the weighted average number of shares outstanding during the respective periods adjusted for the 1971 subdivision of common shares as described in note 6 above.

10. SUBSEQUENT EVENT

On April 14, 1972 it was announced that the Company had agreed, subject to verifying certain figures, to acquire all of the equity and certain debentures of R.C. Baxter Properties Limited for an aggregate consideration of approximately \$7.5 million. Baxter Properties is a privately-owned real estate investment company which holds four office buildings, five shopping centres and one apartment building (all income producing properties) in British Columbia, Saskatchewan, Manitoba and Ontario having a total value in excess of \$25 million, based on unaudited information.



## **Slater, Walker of Canada Limited**

### **AUDITORS' REPORT**

To the Directors of  
Slater, Walker of Canada Limited:

We have examined the consolidated balance sheet of Slater, Walker of Canada Limited and its consolidated subsidiaries as at December 31, 1971 and the consolidated statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Slater, Walker of Canada Limited and its consolidated subsidiaries as at December 31, 1971 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles which, except for the changes described in notes 1 and 2, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada.  
March 16, 1972.

ARTHUR YOUNG, CLARKSON, GORDON & CO.,  
Chartered Accountants

# UNAS Investments Limited

## Consolidated Balance Sheets

Assets		December 31, 1971	March 31, 1972 (unaudited)
INVESTMENTS			
Quoted securities, at market.....	\$	8,820,598	\$ 8,017,240
Unquoted securities, at market value of related securities.....		1,652,510	1,498,967
Unquoted securities, at cost.....		9,075,407	7,689,490
Other, at cost.....		5,389	5,389
		<u>19,553,904</u>	<u>17,211,086</u>
Less provision for diminution.....		2,350,000	1,750,000
		<u>17,203,904</u>	<u>15,461,086</u>
CASH AND SHORT TERM DEPOSITS.....		—	3,403,777
TRADING SECURITIES, AT LOWER OF COST OR WRITTEN-DOWN VALUE (market 1971—\$99,211; 1972—\$1,590,458).....		94,773	1,570,256
ACCOUNTS RECEIVABLE AND ACCRUED INTEREST.....		658,980	240,161
DEFERRED INCOME TAXES.....		90,515	90,515
		<u>\$18,048,172</u>	<u>\$20,765,795</u>
Liabilities			
DUE TO BANK (secured—\$526,000).....	\$	545,606	—
ACCOUNTS PAYABLE, ACCRUED CHARGES AND PROVISION FOR OTHER LIABILITIES.....		544,866	\$ 1,066,283
ESTIMATED INCOME TAX PAYABLE.....		730	72,302
PROVISION FOR CAPITAL GAINS TAX.....		—	436,040
PROVISION FOR RETIREMENT ALLOWANCES.....		117,549	115,541
		<u>1,208,751</u>	<u>1,690,166</u>
Shareholders' Equity			
CAPITAL STOCK			
Preferred shares of \$50 par value			
Authorized— 100,000 shares			
Common shares without nominal or par value			
Authorized—1,500,000 shares; issued 1971—871,301; 1972—874,301.....		11,179,315	11,224,195
UNREALIZED APPRECIATION.....		2,709,709	3,467,932
SURPLUS ON CONSOLIDATION.....		1,636,937	1,636,937
NET REALIZED GAIN ON INVESTMENTS.....		311,176	1,653,811
RETAINED EARNINGS.....		1,002,284	1,092,754
		<u>16,839,421</u>	<u>19,075,629</u>
		<u>\$18,048,172</u>	<u>\$20,765,795</u>

(See accompanying notes to consolidated financial statements)

# UNAS Investments Limited

## Consolidated Statements of Income and Retained Earnings and Net Realized Gain on Investments

### Income and Retained Earnings

	Year Ended December 31, 1971	Three Months Ended March 31, 1972 (unaudited)
INCOME . . . . .	\$ 827,562	\$ 268,258
EXPENSES . . . . .	322,393	118,338
	<u>505,169</u>	<u>149,920</u>
ESTIMATED INCOME TAXES . . . . .	92,909	59,450
NET INCOME . . . . .	<u>412,260</u>	<u>90,470</u>
RETAINED EARNINGS AT BEGINNING OF PERIOD . . . . .	847,424	1,002,284
	<u>1,259,684</u>	<u>1,092,754</u>
DIVIDENDS PAID . . . . .	257,400	—
RETAINED EARNINGS AT END OF PERIOD . . . . .	<u>\$1,002,284</u>	<u>\$1,092,754</u>
EARNINGS PER SHARE (based on average number of shares outstanding) . . . . .	<u>\$ .48</u>	<u>\$ .11</u>

### Net Realized Gain on Investments

BALANCE AT BEGINNING OF PERIOD . . . . .	\$ 208,824	\$ 311,176
NET GAIN ON DISPOSAL OF INVESTMENTS . . . . .	417,460	1,342,635
	<u>626,284</u>	<u>1,653,811</u>
SECURITIES WRITTEN OFF AND INCREASE IN PROVISION FOR DIMINUTION OF INVESTMENTS . . . . .	315,108	—
BALANCE AT END OF PERIOD . . . . .	<u>\$ 311,176</u>	<u>\$1,653,811</u>

(See accompanying notes to consolidated financial statements)



**UNAS Investments Limited  
and subsidiary companies**

**Notes to Consolidated Financial Statements  
(Information at March 31, 1972 and  
for the three months then ended is unaudited)**

1. During 1971 options on unissued shares were exercised as follows: 13,200 shares at \$12.00 per share; 6,000 shares at \$14.96 per share; and 1,000 shares at \$12.15 per share. During 1972 options on 3,000 shares were exercised at \$14.96 per share. At March 31, 1972 there were no options outstanding.
2. Subsequent to March 31, 1972, securities with a carrying value at March 31, 1972 of approximately \$2,900,000 were sold for proceeds of approximately \$1,150,000 in excess of that value.

**AUDITORS' REPORT**

To the Directors of  
UNAS Investments Limited:

We have examined the consolidated balance sheet of UNAS Investments Limited and subsidiary companies as at December 31, 1971 and the consolidated statements of income and retained earnings and of net realized gain on investments for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
May 25, 1972.

DELOITTE, HASKINS & SELLS  
Chartered Accountants.

# AMALGAMATION AGREEMENT

THIS amalgamation agreement entered into the 25th day of May, 1972.

BETWEEN:

SLATER, WALKER OF CANADA LIMITED,  
(hereinafter referred to as "SWOC")

OF THE FIRST PART

— and —

UNAS INVESTMENTS LIMITED,  
(hereinafter referred to as "UNAS")

OF THE SECOND PART.

WHEREAS each of SWOC and UNAS is a company to which Part I of the Canada Corporations Act applies;

WHEREAS SWOC was incorporated under Part I of The Companies Act, R.S.C., 1927, C.27, by letters patent dated March 12, 1931 and supplementary letters patent were issued to SWOC dated May 15, 1946, May 17, 1965, July 22, 1971 and January 24, 1972;

WHEREAS UNAS was incorporated under Part I of The Companies Act, 1934, R.S.C. 1934, C.27, by letters patent dated March 16, 1953 and supplementary letters patent were issued to UNAS dated December 14, 1956, March 12, 1963, December 29, 1964, and May 24, 1966;

WHEREAS SWOC and UNAS acting under the authority contained in the Canada Corporations Act have agreed to amalgamate on and subject to the terms and conditions hereinafter set out;

WHEREAS SWOC and UNAS have each made full disclosure to the other of all their respective assets and liabilities; and

WHEREAS it is desirable that the said amalgamation should be effected;

NOW THEREFORE the parties hereto have agreed as follows:

1. SWOC and UNAS do hereby agree to amalgamate under the provisions of section 137 of the Canada Corporations Act and to continue as one company under the terms and conditions hereinafter set out, the whole with effect as of June 30, 1972;
2. In this amalgamation agreement the expressions "amalgamated company" and "Company" mean the company continuing from the amalgamation of SWOC and UNAS;
3. The amalgamated company shall be a public company and shall be named SLATER, WALKER OF CANADA LIMITED;
4. The objects of the amalgamated company shall be as follows:
  - (a) to carry on business as an investment and holding company and financial agent and to undertake and carry on financial and commercial operations which may seem to be capable of being conveniently carried on in connection with any of these objects or calculated, directly or indirectly, to enhance the value of or facilitate the realization of or render profitable any of the property or rights of the Company;
  - (b) to obtain capital credit or other assistance for establishing, extending or reorganizing any enterprise or industry carried on or intended to be carried on by any person, firm, corporation or company; and
  - (c) to act as corporate and financial advisers to or agents or attorneys of other persons, firms, corporations, trusts, or associations and to provide corporate and financial services in connection with the transaction of any business, sale of property, investment of funds and the collection of moneys, rents, interest, dividends, mortgages, bonds, bills, notes and other securities.

5. The authorized capital of the amalgamated company shall be 7,500,000 common shares without nominal or par value; provided that such common shares shall not be issued for a consideration exceeding in amount or value the sum of \$35,000,000 or such greater amount as the board of directors of the Company deems expedient and as may be authorized by the Minister of Consumer and Corporate Affairs of Canada on payment of the requisite fees applicable to such greater amount;
6. The authorized and issued capital of SWOC and UNAS shall be converted into the authorized and issued capital of the amalgamated company as follows:
  - (a) the 1,467,297 issued common shares without nominal or par value of SWOC shall be converted into 2,934,594 issued and fully paid common shares without nominal or par value of the amalgamated company on the basis of 2 common shares of the amalgamated company for each common share of SWOC;
  - (b) the 576,599 issued common shares without nominal or par value in the capital stock of UNAS owned by SWOC shall be cancelled without repayment; and
  - (c) the 297,702 issued common shares without nominal or par value of UNAS not owned by SWOC shall be converted into 793,872 issued and fully paid common shares without nominal or par value of the amalgamated company on the basis of 8 common shares of the amalgamated company for every 3 common shares of UNAS.
7. After the issue of letters patent confirming this amalgamation agreement:
  - (a) existing share certificates representing common shares of SWOC shall constitute evidence of ownership of the same number of common shares of the amalgamated company and shareholders of SWOC shall be entitled to receive additional certificates representing the additional common shares of the amalgamated company to which they are entitled on the basis aforesaid; and
  - (b) the shareholders of UNAS when requested by the amalgamated company shall surrender the certificates representing common shares held by them in the capital of UNAS and in return shall be entitled to receive certificates representing common shares of the amalgamated company on the basis aforesaid subject to the provision of paragraph 8 regarding the issuance of fractional share warrants.
8. Each shareholder of UNAS who becomes entitled to a fractional interest in a common share of the amalgamated company as a result of the amalgamation, will not be registered on the books of the amalgamated company in respect thereof and will not receive a share certificate therefor or dividends thereon, but may instruct the transfer agent and registrar of the amalgamated company to purchase, on such shareholder's behalf, further fractional interests (to the extent available) in order to produce a whole share or to sell, on such shareholder's behalf the fractional interest to which such shareholder is entitled. On the expiration of 60 days after the effective date of this amalgamation agreement, such shareholders who have not so instructed the transfer agent to purchase or sell shall be deemed to have instructed the transfer agent to sell their fractional interests on their behalf and shall only be entitled to receive the net proceeds of the sale thereof, without interest.
9. The head office of the amalgamated company shall be in the Municipality of Metropolitan Toronto in the Province of Ontario.
10. The board of directors of the amalgamated company until otherwise determined by by-law of the amalgamated company, shall consist of 7 members, and the first directors of the amalgamated company with their names, callings and postal addresses, shall be the following:



<u>Name</u>	<u>Occupation</u>	<u>Postal Address</u>
JAMES DERRICK SLATER	Investment Banker	High Beeches, Blackhills, Esher, Surrey, England.
JOHN PEARCE BUNTING	Stockbroker	129 Dinnick Cr., Toronto, Ontario.
GRAEME GEORGE KIRKLAND	Executive of SWOC	381 Banbury Road, Willowdale, Ontario.
ROBERT WILLEM KORTHALS	Bank Executive	10 Wychwood Park, Toronto 4, Ontario.
FRANCIS RICHARD ROLAND ROWE	Investment Banker	60 Castelnau, London S.W.13, England.
ROBERT SMITH	President of SWOC	83 Banbury Road, Don Mills, Ontario.
JOHN ARNOLD TORY, Q.C.	Barrister and Solicitor	41 Glenallan Road, Toronto 12, Ontario.

The first directors shall hold office until the first annual meeting of the shareholders of the amalgamated company, or until their successors are elected or appointed. The subsequent directors shall be elected each year thereafter at either a special general meeting or the annual meeting of the shareholders by a majority of the votes cast at such meeting. The management and working of the amalgamated company shall be under the control of the board of directors from time to time, subject to the provisions of the Canada Corporations Act and the by-laws of the amalgamated company.

11. The auditors of the amalgamated company shall be Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, Toronto, Ontario, until the first annual meeting of the shareholders of the amalgamated company or until their successors are appointed.
12. Each of SWOC and UNAS shall contribute to the amalgamated company all its assets, subject to all its liabilities, as they exist at the effective time of the amalgamation.
13. The amalgamated company shall possess all the property, rights, assets, privileges and franchises and shall be subject to all the contracts, liabilities, debts and obligations of SWOC and UNAS.
14. All rights of creditors against the property, rights, assets, privileges and franchises of SWOC and UNAS and all liens upon such property, rights and assets shall be unimpaired by such amalgamation and all debts, contracts, liabilities and duties of SWOC and UNAS shall thenceforth attach to the amalgamated company and may be enforced against it.
15. No action or proceeding by or against SWOC or UNAS shall abate or be affected by such amalgamation but, for all purposes of such action or proceeding, the name of the amalgamated company shall be substituted in such action or proceeding in place of SWOC and UNAS.
16. The by-laws of the amalgamated company shall be the by-laws attached hereto as Schedule "A", being by-laws relating generally to the transaction of the business and affairs of the amalgamated company and to the exercise of borrowing powers by the directors, until repealed, amended,

altered or added to in accordance with the Canada Corporations Act and the by-laws of the amalgamated company. The adoption of this amalgamation agreement, including the by-laws attached hereto, by the shareholders of SWOC and UNAS in accordance with the provisions of section 137 of the Canada Corporations Act shall, for all purposes of the Canada Corporations Act, constitute enactment and sanction by the directors and shareholders of the amalgamated company of the said by-laws of the amalgamated company.

17. The amalgamated company may pay a commission to any person or company in consideration of his or its subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the capital stock of the amalgamated company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such shares, provided, however, that, if such shares are of a par value, such commission, whether in the form of money or of shares, shall not exceed Fifteen Per Cent (15%) of the par value of such shares, or Fifteen Per Cent (15%) of the amount realized therefrom, and if such shares are without nominal or par value, such commission, if in the form of money, shall not exceed Fifteen Per Cent (15%) of the consideration for which such shares are issued and if in the form of shares, shall not exceed Fifteen Per Cent (15%) of the number of shares subscribed for.
18. In accordance with the provisions of section 65 of the Canada Corporations Act, when authorized by by-law, duly adopted as a schedule to this amalgamation agreement by the requisite three-quarters ( $\frac{3}{4}$ ) vote of the shareholders of the amalgamating companies or duly enacted by the directors and sanctioned by at least two-thirds ( $\frac{2}{3}$ ) of the votes cast at a special general meeting of the shareholders duly called for considering the by-law, the directors of the amalgamated company may from time to time:
  - (a) borrow money upon the credit of the amalgamated company;
  - (b) limit or increase the amount to be borrowed;
  - (c) issue debentures or other securities of the amalgamated company;
  - (d) pledge or sell such debentures or other securities for such sums and at such prices as may be deemed expedient; and
  - (e) secure any such debentures, or other securities, or any other present or future borrowing or liability of the amalgamated company, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable property of the amalgamated company, and the undertaking and rights of the amalgamated company.
19. The amalgamated company may guarantee, with or without security, the performance of contracts and the performance of any obligations or undertaking of any person, partnership, company, firm or association, including the payment of dividends, interest, principal and premium, if any, of or on shares, bonds, debentures or other securities and evidences of indebtedness and obligations, mortgages or liabilities of any such person, partnership, company, firm or association and may accept as security for any loans and guarantees made or given by the amalgamated company any security that may be offered by such person, partnership, company, firm or association, including shares, bonds, debentures, pledges, liens or other securities or obligations of such companies, firms or associations.
20. Upon the shareholders of SWOC and UNAS respectively adopting this amalgamation agreement, such fact shall be certified hereon by the Secretary of each of such companies under the respective corporate seals of UNAS and SWOC, and such companies by their joint application shall within six months from the final vote of the shareholders, apply to the Minister of Consumer and Corporate Affairs for letters patent of amalgamation confirming this amalgamation agreement unless an order is made under subsection 7 of section 137 of the Canada Corporations Act annulling this amalgamation agreement.

21. SWOC and UNAS may, by resolution of their respective boards of directors, assent to any alteration or modification of this amalgamation agreement which the shareholders of each of such companies at meetings called to consider the same, or the Minister of Consumer and Corporate Affairs, may approve and the expression "amalgamation agreement" as used herein shall be read and construed to mean and include this amalgamation agreement as so altered or modified.
22. This amalgamation agreement may be terminated without cause or reason by the board of directors of either SWOC or UNAS notwithstanding the approval of this amalgamation agreement by the shareholders of SWOC and UNAS, at any time prior to the issue of letters patent of amalgamation confirming this amalgamation agreement.

IN WITNESS WHEREOF this amalgamation agreement has been duly executed by the parties hereto under their respective corporate seals as witnessed by the signatures of their respective proper officers duly authorized in that behalf.

SLATER, WALKER OF CANADA LIMITED

per: "ROBERT SMITH"  
President

c/s

per: "J. GARNET PINK"  
Secretary

UNAS INVESTMENTS LIMITED

per: "ROBERT SMITH"  
President

c/s

per: "WESTELL G. PEAKER"  
Secretary



**Schedule "A" to an Amalgamation Agreement dated May 25, 1972  
Between Slater, Walker of Canada Limited and UNAS Investments Limited**

**BY-LAW NO. 1**

being a by-law relating generally to the transaction of the business and affairs of the Company

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of SLATER, WALKER OF CANADA LIMITED (hereinafter called the "Company") that:

**HEAD OFFICE**

1. The head office of the Company shall be in the Municipality of Metropolitan Toronto in the Province of Ontario and at such place therein as the directors of the Company may from time to time by resolution determine.

**SEAL**

2. The corporate seal of the Company shall be in the form impressed in the margin hereof.



**DIRECTORS**

3. *Number and quorum.* The number of the directors of the Company shall be 7 of whom 2 shall constitute a quorum for the transaction of business at any meeting of the directors. Notwithstanding vacancies in the board of directors, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

4. *Powers.* The board of directors shall have full power and authority to manage and control the affairs and business of the Company.

5. *Qualification.* The qualification of a director shall be the holding at the time of his election or appointment, or within 10 days thereafter, and throughout his term of office, of at least one share, fully paid and non-assessable and carrying no restrictions as to voting, in the capital stock of the Company, provided, however, that any person who is an officer or director of any other company which is a shareholder of the Company may hold office as a director of the Company without further qualification. An act done by a director or by an officer shall not be invalid by reason only of any defect that is thereafter discovered in his appointment, election or qualification.

6. *Election and term of office.* Unless the letters patent or supplementary letters patent otherwise provide, the directors shall be elected yearly at the annual meeting of the shareholders and shall hold office until the annual meeting next following or until removed from office in accordance with the provisions of this by-law. The whole board shall be elected at each annual meeting and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election may be by a show of hands or by resolution of the shareholders unless a ballot be demanded by any shareholder. If an election of directors is not held at the proper time, the directors then in office shall continue in office until their successors are elected.

7. *Vacancies.* So long as there is a quorum of directors in office, any vacancy occurring in the board of directors may be filled for the remainder of the term by the directors then in office. In the absence of a quorum, any such vacancy may be filled for the remainder of the term by the shareholders in special general meeting.

8. *Vacation of office.* A director may resign his office by notice in writing delivered or sent to the Secretary of the Company and such resignation shall become effective on receipt thereof or at such later time as may be specified in such notice. A director shall forthwith cease to hold office as a director should he become a bankrupt or be found to be a mentally incompetent person or if he, or a company which he is an officer or director, should cease to be a shareholder of the Company.

9. *Removal of directors.* The shareholders may, by resolution passed by a majority of the votes cast at a special general meeting of shareholders of which notice specifying the intention to pass such resolution has been given, remove any director before the expiration of his term of office and may elect any person in his stead for the remainder of his term.

10. *Meetings of directors.* Meetings of the board of directors may be held at the head office of the Company or at any other place within or outside of Canada.

The President or a Vice-President who is a director or any two directors may at any time, and the Secretary at the direction of the President or such a Vice-President, or any two directors, shall convene a meeting of directors. Notice of such meeting shall be delivered or mailed or telegraphed or sent by any other form of transmitted or recorded message to each director not less than 48 hours before the meeting is to take place.

Such meetings may be held at any time without formal notice being given if all the directors are present, or if a quorum is present and those directors who are absent have signified their consent in writing, or by telegraph or by any other form of transmitted or recorded message, to the holding of the meeting in their absence, and any resolution passed, or proceeding had, or action taken at such meeting shall be as valid and effectual as if it had been passed at or had or taken at a meeting duly called and constituted.

Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any director either before or after the meeting.

After the election of directors at a meeting of shareholders, for the first meeting of the board of directors to be held immediately following such meeting, or in the case of a director appointed to fill a vacancy on the board, for the meeting at which the appointment is made, no notice of such meeting shall be necessary to the newly-elected or appointed director or directors in order to validly constitute the meeting, provided a quorum of directors be present.

The board may appoint a day or days in any month or months for regular meetings of the board and shall designate the place and time at which such meetings are to be held. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, and no other notice shall be required for any such regular meeting.

11. *Voting at meetings.* Questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting, in addition to his original vote, shall have a second or casting vote.

12. *Remuneration.* Subject to any agreement to the contrary, the directors shall be paid such remuneration as the board shall from time to time by resolution determine. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in going to, attending and returning from board, committee and shareholders' meetings and any other expenses properly incurred by them in connection with the affairs of the Company or to receive such fixed allowance in respect thereof as the board may from time to time by resolution determine. The directors may by resolution award special remuneration to any director of the Company undertaking any special work or service for, or undertaking any special mission on behalf of, the Company other than routine work ordinarily required of such director. Any remuneration payable to a director who is also an officer or employee of the Company, or who is counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his salary as such officer or employee or to his professional fees, as the case may be. No confirmation by the shareholders of any such remuneration or payment shall be required.



13. *Submission of contracts or transactions for approval.* Any contract, act or transaction may in the discretion of the board of directors be submitted for approval or ratification to any general meeting of the shareholders called for the purpose of confirming the same and any contract, act or transaction that shall be confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Canada Corporations Act or by the letters patent, supplementary letters patent or by any other by-law) shall be as valid and as binding upon the Company and upon all the shareholders as though it had been confirmed by every shareholder of the Company.

14. *Interest of directors in contracts.* Every director of the Company who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare such interest to the extent, in the manner and at the time required by the applicable provisions of the Canada Corporations Act for the time being in force and shall refrain from voting in respect of the contract or arrangement or proposed contract or arrangement if and when prohibited by the Canada Corporations Act.

Subject to the foregoing, no director shall be disqualified by his office from contracting with the Company nor shall any contract or arrangement entered into by or on behalf of the Company with any director or in which any director is in any way interested be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the Company for any profit realized under any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.

15. *Indemnity of directors and officers.* The Company hereby consents that every director or officer of the Company and his heirs, executors and administrators, and estate and effects, respectively, shall, from time to time and at all times, be indemnified and saved harmless out of the funds of the Company, from and against:

- (a) all costs, charges and expenses whatsoever which such director or officer may sustain or incur in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or things whatsoever, made, done or permitted by him, in or about the execution of the duties of his office; and
- (b) all other costs, charges and expenses which he may sustain or incur in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default.

16. *Protection of directors and officers.* No director or officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the board of directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom any moneys, securities or effects of the Company shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his office or in relation thereto unless the same shall happen by or through his own wilful neglect or default.

The directors may rely upon the accuracy of any statement or report prepared by the Company's auditors and shall not be responsible or held liable for any loss or damage resulting from the payment of any dividends or otherwise acting upon such statement or report.

The directors of the Company are hereby authorized from time to time to cause the Company to give indemnities to any director or other person who has undertaken or is about to undertake any liability on behalf of the Company and to secure such director or other person against loss by mortgage and charge upon the whole or any part of the real and personal property of the Company by way of security. Any action from time to time taken by the directors under this paragraph shall not require approval or confirmation by the shareholders.



17. *Irregularities.* No act or proceeding of any director or of the board of directors shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the qualification of such director or directors.

18. *Loans to shareholders.* The directors of the Company may from time to time authorize the Company to:

- (a) make loans to persons, other than directors, *bona fide* in the employment of the Company with a view to enabling or assisting them to purchase dwelling houses for their own occupation, and may take from such employees mortgages or other securities for the repayment of such loans; or
- (b) provide, in accordance with any scheme for the time being in force, money for the purchase by trustees of fully paid shares in the capital stock of the Company, to be held by, or for the benefit of, employees of the Company, including any director holding a salaried employment or office in the Company; or
- (c) make loans to persons, other than directors, *bona fide* in the employment of the Company with a view to enabling those persons to purchase fully paid shares in the capital stock of the Company to be held by themselves by way of beneficial ownership.

## OFFICERS

19. *General.* The officers of the Company shall be a Chairman of the Board, a President, a Secretary and, if deemed advisable, one or more Vice-Presidents, a General Manager, a Treasurer, Comptroller, an Assistant Secretary and/or an Assistant Treasurer and/or an Assistant Comptroller and such other officers as the board of directors may from time to time by resolution determine.

20. *Chairman of the Board and President.* The board of directors at its first meeting after its election shall elect a Chairman of the Board and a President from among its members. In default of such election the then incumbents, if members of the board, shall hold office until their successors are elected. Vacancies occurring from time to time in the offices of Chairman of the Board and President may be filled by the board from among its members.

21. *Other officers.* From time to time the board of directors shall appoint a Secretary and may appoint one or more Vice-Presidents, a General Manager, a Treasurer, a Comptroller and such other officers as the board may determine including one or more assistants to any of the officers so appointed. The officers so appointed may but need not be members of the board of directors. One person may hold more than one office, and if the same person holds both the office of Secretary and Treasurer, he may but need not be known as the Secretary-Treasurer.

22. *Remuneration and removal.* The board of directors may fix the remuneration to be paid to officers, agents, servants and employees of the Company. Any officer, agent, servant or employee of the Company may receive such remuneration as may be determined notwithstanding the fact that he is a director or shareholder of the Company. All officers, in the absence of written agreement to the contrary, shall be subject to removal by resolution of the board at any time with or without cause.

23. *Duties may be delegated.* In case of the absence or inability to act of the Chairman of the Board, the President, a Vice-President or of any other officer of the Company or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

24. *Chairman of the Board.* The Chairman of the Board, shall, when present, preside at all meetings of the directors and shareholders of the Company, and shall exercise general supervision over the financial affairs of the Company.

25. *The President.* The President shall be the chief executive officer of the Company and shall be charged with the general supervision of the business and affairs of the Company, and shall, in the absence of the Chairman of the Board and when present, preside at all meetings of the directors and shareholders of the

Company. Except when the board of directors has appointed a General Manager, the President shall have the powers and be charged with the duties incident to this office and shall have such other powers and duties as may from time to time be assigned to him by the board of directors.

26. *Vice-President.* During the absence or disability of the President his duties may be performed and his powers may be exercised by the Vice-President, or if there are more than one, by the Vice-Presidents in order of seniority (as determined by the board), save that no Vice-President shall preside at a meeting of the board or at a meeting of shareholders who is not qualified to attend the meeting as a director or shareholder, as the case may be. If a Vice-President exercises any such duty or power, the absence or disability of the President shall be presumed with reference thereto. A Vice-President shall also perform such duties and exercise such powers as the President may from time to time delegate to him or the board may prescribe.

27. *Secretary.* The Secretary shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of committees; he shall attend all meetings of the directors and of the shareholders and shall enter or cause to be entered in books kept for that purpose minutes of all proceedings at such meetings; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Company and of all books, records, documents and other instruments belonging to the Company, including the books and records referred to in Sections 109 and 110 of the Canada Corporations Act save only the books, records, documents and other instruments entrusted by the by-laws of the Company or by resolution of the board of directors to the custody of the Treasurer or other officer or agent of the Company; and he shall perform such other duties as may from time to time be prescribed by the board.

28. *Treasurer.* The Treasurer shall keep proper books of account and accounting records with respect to all financial and other transactions of the Company and, under the direction of the board, shall control the deposit of money, the safe-keeping of securities and the disbursement of the funds of the Company; he shall render to the board at the meetings thereof, or whenever required of him, an account of all his transactions as Treasurer and of the financial position of the Company; and he shall perform such other duties as may from time to time be prescribed by the board.

29. *Assistant Secretary and Assistant Treasurer.* The Assistant Secretary (if any) and the Assistant Treasurer (if any) or, if more than one, the Assistant Secretaries and the Assistant Treasurers, shall respectively perform all the duties of the Secretary and Treasurer in the absence or disability of the Secretary or Treasurer as the case may be. The Assistant Secretary and the Assistant Treasurer shall also have such powers and duties as may from time to time be assigned to them by the board.

30. *General Manager.* The General Manager, if one be appointed, shall have full authority, subject to the authority of the board of directors and the supervision of the President, to manage and direct the business and affairs of the Company and to appoint and remove all officers, employees and agents of the Company not elected or appointed directly by the board, and to settle the terms of their employment and remuneration. If and so long as the General Manager is a director, he may, but need not, be known as the Managing Director.

31. *Other Officers.* The duties of all other officers of the Company shall be such as the terms of their engagement call for or the board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

32. *Variation of duties.* The board may, from time to time, vary, add to or limit the powers and duties of any officer or officers.

33. *Agents and attorneys.* The board shall have power from time to time to appoint agents or attorneys for the Company in or out of Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.



34. *Fidelity bonds.* The board may require such officers, employees and agents of the Company as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe, and no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Company to receive any indemnity thereby provided.

## MEETINGS OF SHAREHOLDERS

35. *Annual Meeting.* The annual meeting of the shareholders shall be held at such place within Canada on such day in each year and at such time as the board or the President may from time to time determine, for the purpose of receiving the reports and statements required by the Canada Corporations Act to be laid before the Company or disclosed to the shareholders at an annual meeting, electing directors, appointing an auditor or auditors and fixing or authorizing the board to fix his or their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

36. *Other Meetings.* The board or the President shall have power at any time to call other meetings of the shareholders to be held at such time and at such place as may be determined by the board or the person calling the meeting. Special general meetings of the shareholders may be called by the board on its own motion or on requisition of shareholders as provided by the Canada Corporations Act. The phrase "meeting of shareholders" wherever it occurs in this by-law shall mean and include an annual meeting of shareholders, a special general meeting of shareholders, and any other meeting of shareholders.

37. *Record Date.* The board may fix a record date for determining the shareholders who will be entitled to vote at a meeting of shareholders, which record date shall be not more than 30 days before the date of the meeting of shareholders. Notice of a record date so fixed shall be given in the manner and at the time provided for in the Canada Corporations Act.

38. *Notices.* Notice of the time and place of each meeting of shareholders shall be given not less than 15 days nor more than 60 days before the date of the meeting to the auditor of the Company and to each shareholder of record at the close of business on the day on which the notice is given who is entered on the books of the Company as the holder of one or more shares carrying the right to vote at the meeting. Notice of a special general meeting of shareholders shall specify the general nature of the business which is to be transacted at such meeting. Any meeting of shareholders may be held at any time without notice if all the shareholders entitled to vote thereat waive notice of the meeting in writing. Notice need not be given to persons who were not registered on the books of the Company on the record date, if any, fixed pursuant to clause 37 hereof.

39. *Persons entitled to be present.* The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the auditor of the Company and others who although not entitled to vote are entitled or required under any provision of the Canada Corporations Act or the letters patent, supplementary letters patent or by-laws of the Company to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

40. *Quorum.* Two persons present in person and each entitled to vote thereat shall constitute a quorum for the transaction of business at any meeting of shareholders.

41. *Right to vote.*

- (a) If no record date shall have been fixed by the board in respect of the right to vote at any meeting of shareholders, every shareholder shall be entitled to vote thereat who is not in arrears in respect of any call and who is registered on the books of the Company at least 48 hours, excluding Saturdays, Sundays and holidays, before the time set for the meeting as the holder of one or more shares carrying the right to vote at such meeting.



- (b) Notwithstanding that a mortgagee of any share in the Company, or other person holding such share as collateral security, is entered on the books of the Company as the holder of such share, if such mortgagee or other person is described in the said books as representing a named mortgagor or person giving such collateral security, such mortgagor or other person as aforesaid is entitled to vote in respect of such share, in person or by proxy, at any meeting of shareholders of the Company at which such share carries voting rights.

42. *Representatives.* An executor, administrator, committee of a mentally incompetent person, guardian or trustee and where a corporation is such executor, administrator, committee, guardian or trustee of a testator, intestate, mentally incompetent person, ward or cestui que trust, any person duly appointed a proxy for such corporation, upon filing with the secretary of the meeting sufficient proof of his appointment, shall represent the shares in his or its hands at all meetings of shareholders of the Company and may vote accordingly as a shareholder in the same manner and to the same extent as the shareholder of record. If there be more than one executor, administrator, committee, guardian or trustee, the provisions of clause 49 shall apply.

43. *Show of hands.* At all meetings of shareholders every question shall be decided by a show of hands unless a poll thereon be required by the chairman or be demanded by any shareholder present in person or represented by proxy and entitled to vote. Upon a show of hands every person who is present in person and entitled to vote shall have one vote. After a show of hands has been taken upon any question the chairman may require or any shareholder present in person or represented by proxy and entitled to vote may demand a poll thereon. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon be so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the proceedings at the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Company in annual or special general meeting, as the case may be, upon the question. A demand for a poll may be withdrawn at any time prior to the taking of the poll.

44. *Polls.* If a poll be required by the chairman of the meeting or be demanded by any shareholder present in person or represented by proxy and entitled to vote and the demand be not withdrawn, a poll upon the question shall be taken in such manner as the chairman of the meeting shall direct. Upon a poll each shareholder who is present in person or represented by proxy shall, unless the letters patent or supplementary letters patent otherwise provide, be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the poll shall be the decision of the Company in annual or special general meeting, as the case may be, upon the question.

45. *Votes to govern.* At all meetings of shareholders every question shall, unless otherwise required by the Canada Corporations Act, the letters patent, supplementary letters patent or by-laws of the Company be decided, either on a show of hands or on a poll, by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

46. *Chairman.* In the absence of the President and the Vice-President(s) for fifteen minutes after the time appointed for holding the meeting, the shareholders present in person or represented by proxy and entitled to vote shall choose one of their number to be chairman.

47. *Scrutineer.* At each meeting of shareholders one or more scrutineers may be appointed by a resolution of the meeting or by the chairman with the consent of the meeting to serve at the meeting. Such scrutineers need not be shareholders of the Company.

48. *Adjournment of meetings.* The chairman of any meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the same from time to time and no notice of such adjournment need be given to the shareholders except that when a meeting is adjourned

for 30 days or more, notice of the adjourned meeting shall be given as in the case of an ordinary meeting. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such original meeting.

49. *Joint shareholders.* If shares are held jointly by two or more persons, any one of them present or represented by proxy at a meeting of the shareholders of the Company, may, in the absence of the other or others vote thereon, but if more than one of them are present or represented by proxy they shall vote together on the shares jointly held. Several executors, administrators or trustees in whose names any share stands shall for the purpose of this paragraph be deemed to be joint holders thereof.

50. *Proxies.* Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a person, who need not be a shareholder, to represent such shareholder at the meeting in the manner, to the extent and with the power conferred by the proxy. The proxy shall be dated and shall be executed by the shareholder or his attorney authorized in writing, or in the case of a corporate shareholder, under its corporate seal or by a duly authorized officer or attorney thereof. The proxy shall cease to be valid one year from the date thereof but shall not confer authority to vote at any meeting other than the meeting in respect of which it is given or any adjournment thereof.

The proxy shall be in such form as may be prescribed from time to time by the directors or in such other form as the chairman of the meeting may accept. The proxy shall be deposited with the corporation or an agent thereof designated by the directors before any vote is cast under the authority thereof or at such earlier time, not exceeding 48 hours, excluding Saturdays, Sundays and holidays, before the time of the meeting, as the directors may prescribe.

## SHARES

51. *Allotment.* Subject to the provisions, if any, of the letters patent or supplementary letters patent, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares in the capital stock of the Company, to such persons or class of persons and on such terms and conditions as the board shall by resolution determine.

52. *Calls.* The board of directors may by resolution from time to time call in and demand from the shareholders the whole or any part of the amount unpaid on shares by them subscribed or held, at such times and places and in such payments or instalments as the Canada Corporations Act, or the letters patent, supplementary letters patent or by-laws of the Company or the terms of issue of such shares may require or allow.

Notice of any call and demand for payment shall be given five days before the day appointed for payment specifying the time and place and the person to whom payment is to be made and stating that in the event of non-payment the shares in respect of which the call was made will be liable to be forfeited. Before the time for payment of any call the directors may, by notice in writing, revoke the call or extend the time for payment.

53. *Forfeiture.* If after demand made as aforesaid, any call or instalment thereof is not paid in accordance with the demand, the board may, in accordance with the provisions of the Canada Corporations Act, forfeit any shares.

54. *Share Certificates.* Every shareholder is, without payment, entitled to a certificate stating the number of shares held by him and the amount paid up thereon. Subject to the provisions of the Canada Corporations Act, share certificates shall be in such form or forms as the board shall from time to time by resolution approve. Unless otherwise ordered by the board, they shall be signed by the President or a Vice-President, and by the Secretary or an Assistant Secretary and need not be under the corporate seal; provided that certificates representing shares in respect of which one or more transfer agents and registrars have been appointed shall not be valid unless countersigned by or on behalf of one of such transfer agents and/or registrars. The signature of one of the signing officers, or in the case of share certificates representing



shares in respect of which a transfer agent and registrar have been appointed, the signatures of both signing officers, may be printed, engraved, lithographed, or otherwise mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Company. Share certificates executed as aforesaid shall be valid notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery of the certificate.

55. *Transfer agent and registrar.* The directors may from time to time by resolution appoint or remove one or more transfer agents and registrars (who may but need not be the same individual or company) for the shares in the capital stock of the Company and may provide for the transfer of shares in one or more places and may provide that shares shall be interchangeably transferable or otherwise.

56. *Transfer of shares.* Subject to the provisions of the Canada Corporations Act and subject to the restrictions on transfer (if any) set forth in the letters patent or supplementary letters patent of the Company, shares in the capital stock of the Company shall be transferable only on the register of transfers or on one of the branch registers of transfers (if any) kept by or for the Company in respect thereof by the registered holder of such shares in person or by attorney duly authorized in writing upon surrender for cancellation of the certificate representing such shares properly endorsed or accompanied by a properly executed transfer.

57. *Replacement of share certificates.* The board may by resolution prescribe, either generally or in a particular case, the conditions upon which a new share certificate may be issued in lieu of and upon cancellation of any share certificate which has become mutilated or in substitution for any certificate which has been lost, stolen or destroyed.

58. *Refusal to register transfer.* Except in the case of shares which are listed on a recognized stock exchange, the board may decline to permit the registration of a transfer of fully paid shares in the capital stock of the Company registered in the name of a shareholder who is indebted to the Company. No registration of a transfer of shares that are not fully paid shall be made without the consent of the directors.

59. *Closing register.* The board may by resolution close the register of transfers and the branch register or registers of transfers, if any, for any time or times not exceeding in the whole thirty days in each year and notice of every such closing shall be given as required by the Canada Corporations Act.

60. *Record Date.* The board of directors may fix in advance a date, not exceeding 40 days preceding the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the shareholders entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares, and in such case only such shareholders as shall be shareholders of record at the close of business on the date so fixed shall be entitled to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Company after any such record date fixed as aforesaid.

61. *Joint shareholders.* If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for the certificate issued in respect thereof, and for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share, but all the joint holders of a share shall be severally as well as jointly liable for the payment of all calls and demands payable in respect thereof.

## DIVIDENDS

62. Subject to the provisions, if any, of the letters patent or supplementary letters patent, the board may from time to time by resolution declare dividends and pay the same out of the funds of the Company available for that purpose. A dividend payable in cash shall be paid by cheque in the amount of such dividend, less any tax required to be deducted, drawn on the Company's bankers or one of them to the order of each registered holder of shares of the class in respect of which it has been declared, and mailed



by ordinary mail, postage prepaid, to such registered holder at his last address appearing on the books of the Company. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and if more than one address appears on the books of the Company in respect of such joint holding the cheque shall be mailed to the first address so appearing. The mailing of such cheque as aforesaid shall satisfy and discharge all liability for the dividend to the extent of the sum represented thereby (plus the amount of any tax deducted as aforesaid), unless such cheque be not paid at par on presentation at the municipality in which the head office of the Company is situate or at any other place where it is by its terms payable. In the event of non-receipt of any cheque for a dividend by the person to whom it is so sent as aforesaid, the Company on proof of such non-receipt and upon satisfactory indemnity being given to it, shall issue to such person a replacement cheque for a like amount.

## VOTING SHARES AND SECURITIES IN OTHER COMPANIES

63. All of the shares or other securities carrying voting rights of any other company or companies held from time to time by the Company may be voted at any and all meetings of shareholders, bondholders, debentureholders or holders of other securities (as the case may be) of such other company or companies and in such manner and by such person or persons as the board of directors of the Company shall from time to time determine. In the absence of action by the board the proper signing officers of the Company may also from time to time execute and deliver for and on behalf of the Company instruments of proxy and arrange for the issuance of voting certificates and other evidence of right to vote in such names as they may determine.

## NOTICES

64. *Method of Giving.* Any notice, communication or other document to be given by the Company to a shareholder, director, officer or auditor of the Company shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his last address as recorded in the books of the Company or if mailed by prepaid ordinary or air mail in a sealed envelope addressed to him at his last address as recorded in the books of the Company or if sent to such address by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the books of the Company of any shareholder in accordance with any information believed by him to be reliable. A notice, communication or document so delivered shall be deemed to have been given when it is delivered personally or at the address aforesaid; and a notice, communication or document so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representative for despatch.

65. *Computation of time.* In computing the date when notice must be given under any provision of the letters patent, supplementary letters patent or by-laws requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

66. *Omission and errors.* The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

67. *Notice to joint shareholders.* All notices with respect to any shares registered in more than one name may, if more than one address appears on the books of the Company in respect of such joint holding, be given to such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to all the holders of such shares.

68. *Persons becoming entitled by death or operation of law.* Every person who, by operation of law, transfer, death of a shareholder or by any other means whatsoever, shall become entitled to any share or

shares, shall be bound by every notice in respect of such share or shares which previously to his name and address being entered on the books of the Company shall be duly given to the person from whom he derives his title to such share or shares.

69. *Proof of service.* A certificate of the Secretary or other duly authorized officer of the Company in office at the time of the making of the certificate, or of any agent of the Company as to facts in relation to the mailing or delivery or sending of any notice to any shareholder, director, officer or auditor of the Company or publication of any such notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Company, as the case may be.

70. *Waiver of notice.* Any shareholder (or person duly appointed by proxy), director, officer or auditor may waive any notice required to be given under any provision of the letters patent, supplementary letters patent or by-laws of the Company or of the Canada Corporations Act, and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice. Any shareholder (or person duly appointed by proxy) may waive any irregularity in any meeting of shareholders.

71. *Signature to notice.* The signature to any notice to be given by the Company may be written, stamped, typewritten or otherwise mechanically reproduced or partly written, stamped, typewritten or otherwise mechanically reproduced.

### BANK ACCOUNTS, CHEQUES, DRAFTS AND NOTES

72. The Company's bank accounts shall be kept in such chartered banks, trust companies or other firms or corporations carrying on a banking business as the board of directors may by resolution from time to time determine.

Cheques on the bank accounts, drafts drawn or accepted by the Company, promissory notes given by it, acceptances, bills of exchange, orders for the payment of money and other instruments of a like nature may be made, signed, drawn, accepted or endorsed, as the case may be, by such officer or officers, person or persons as the board of directors may by resolution from time to time name for that purpose.

Cheques, promissory notes, bills of exchange, orders for the payment of money and other negotiable paper may be endorsed for deposit to the credit of the Company's bank account by such officer or officers, person or persons, as the board of directors may by resolution from time to time name for that purpose, or they may be endorsed for such deposit by means of a stamp bearing the Company's name.

### EXECUTION OF INSTRUMENTS

73. The Chairman of the Board, the President, a Vice-President or any director, together with the Secretary, Treasurer or an Assistant Secretary or an Assistant Treasurer or any other director, shall have authority to sign in the name and on behalf of the Company all instruments in writing and any instruments in writing so signed shall be binding upon the Company without any further authorization or formality. The board of directors shall have power from time to time by resolution to appoint any other officer or officers or any person or persons on behalf of the Company either to sign instruments in writing generally or to sign specific instruments in writing. The corporate seal may, when required, be affixed to any instruments in writing.

The term "instruments in writing" as used herein shall, without limiting the generality thereof, include contracts, documents, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, tenders, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, stocks, bonds, debentures or other securities and all paper writings.

### INVESTMENTS

74. In particular, and without limiting the generality of the foregoing, the Chairman of the Board, the President, a Vice-President or any director and the Secretary, Treasurer or an Assistant Secretary or an



Assistant Treasurer (if any) or any other director shall have authority on behalf of the Company to sell, assign, transfer, exchange, convert or convey any and all shares, stocks, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the Company and to sign and execute all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

#### CUSTODY OF SECURITIES

75. The directors may from time to time by resolution provide for the deposit and custody of securities of the Company.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Company, may be issued or held in the name of a nominee or nominees of the Company (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfers to be completed and registration to be effected.

#### WITHHOLDING INFORMATION FROM SHAREHOLDERS

76. No shareholder shall be entitled to discovery of any information respecting any details or conduct of the Company's business which in the opinion of the directors it will be inexpedient in the interest of the shareholders of the Company to communicate to the public. The directors may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorized by the board of directors or by a resolution of the shareholders in general meeting.

#### FISCAL YEAR

77. The fiscal year of the Company shall terminate on the 31st day of December in each year. The first fiscal year of the Company shall terminate on the 31st day of December, 1972.

#### INTERPRETATION

78. In all by-laws of the Company where the context so requires or permits, the singular shall include the plural and the plural the singular; the word "person" shall include firms and corporations, and the masculine gender shall include the feminine gender, and wherever reference is made to the "Act" or to the "Canada Corporations Act" it shall mean the Canada Corporations Act, R.S.C. 1970 Ch. C-32 and every act or statute incorporated therewith or amending the same, or any act or statute substituted therefor, and in the case of such substitution the reference in the by-laws of the Company to non-existing acts or statutes shall be read as referring to the substituted provisions in the new act or statute.

#### COMING INTO FORCE

79. This by-law shall come into force on the day on which the amalgamation of Slater, Walker of Canada Limited and UNAS Investments Limited, the predecessor companies of the Company, becomes effective at which time this by-law shall be executed by the President and Secretary of the Company under the corporate seal of the Company.



## BY-LAW NO. 2

being a by-law regarding the borrowing of money, the issuing of securities and the securing of liabilities by the Company

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of SLATER, WALKER OF CANADA LIMITED (hereinafter called the "Company") that:

The directors of the Company may from time to time:

- (a) Borrow money upon the credit of the Company;
- (b) Limit or increase the amount to be borrowed;
- (c) Issue bonds, debentures, debenture stock or other securities of the Company in such amounts and upon such terms and pledge or sell the same for such sums and at such prices as the directors may deem expedient;
- (d) Secure any such bonds, debentures, debenture stock or other securities or any other present or future borrowing or liability of the Company, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Company, and the undertaking and rights of the Company;
- (e) Delegate to such one or more of the officers and directors of the Company as may be designated by the directors, all or any of the powers conferred by the foregoing clauses of this by-law to such extent and in such manner as the directors shall determine at the time of each such delegation;
- (f) Give indemnities to any director or other person who has undertaken or is about to undertake any liability on behalf of the Company and secure any such director or other person against loss by giving him by way of security a mortgage or charge upon all or any currently owned or subsequently acquired real and personal, movable or immovable, property, undertaking and rights of the Company; and
- (g) This by-law shall come into force on the day on which the amalgamation of Slater, Walker of Canada Limited and UNAS Investments Limited, the predecessor companies of the Company, becomes effective at which time this by-law shall be executed by the President and Secretary of the Company under the corporate seal of the Company.

### BY-LAW NO. 3

being a by-law authorizing, borrowing and pledging, (Toronto-Dominion Bank form)

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of SLATER, WALKER OF CANADA LIMITED (hereinafter called the "Company"):

1. That the Directors of the Company may from time to time:
  - (a) borrow money upon the credit of the Company by obtaining loans or advances or by way of overdraft or otherwise;
  - (b) issue, sell or pledge securities of the Company including bonds, debentures, debenture stock, for such sums on such terms and at such prices as they may deem expedient;
  - (c) assign, transfer, convey, hypothecate, mortgage, pledge, charge or give security in any manner upon all or any of the real or personal, moveable or immoveable property, rights, powers, choses in action, or other assets, present or future, of the Company to secure any such securities or other securities of the Company or any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise; and
  - (d) without in any way limiting the powers herein conferred upon the Directors, give security or promises to give security, agreements, documents and instruments in any manner or form under the Bank Act or otherwise to secure any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise.
2. That any or all of the foregoing powers may from time to time be delegated by the Directors to any one or more of the Directors or officers of the Company.
3. That this by-law shall remain in force and be binding upon the Company as regards any person acting on the faith thereof until such person has received written notification from the Company that this by-law has been repealed or replaced.
4. This by-law shall come into force on the day on which the amalgamation of Slater, Walker of Canada Limited and UNAS Investments Limited, the predecessor companies of the Company, becomes effective at which time this by-law shall be executed by the President and Secretary of the Company under the corporate seal of the Company.

## BY-LAW NO. 4

being a by-law respecting the borrowing of money by the Company (Bank of Montreal form)

WHEREAS it is necessary for the purposes of the Company to borrow money on the credit of the Company from time to time from one of the chartered banks of Canada;

THEREFORE BE IT ENACTED by the Directors of SLATER, WALKER OF CANADA LIMITED (the "Company") that:

1. The Directors of the Company be and they are hereby authorized to borrow moneys from time to time from the BANK OF MONTREAL upon the credit of the Company in such amounts as they deem proper and by way of overdraft or otherwise.
2. Any promissory notes or other negotiable paper (including renewals thereof in whole or in part) signed on behalf of the Company by the officer or officers of the Company authorized from time to time to sign negotiable instruments in its behalf and granted to said Bank for the moneys so borrowed and interest thereon as may be agreed upon, shall be binding upon the Company.
3. The Directors may from time to time, if they see fit to do so, grant securities by way of mortgage, hypothecation or pledge covering all or any of the property and assets of the Company as security for all or any moneys borrowed by the Company from the Bank or any other liability of the Company to the Bank, and any such mortgage, hypothecation or pledge shall be valid and binding upon the Company if signed by any of the officers authorized to sign negotiable instruments on the Company's behalf.
4. All contracts, deeds, grants, assurances and documents reasonably required by said Bank or its Counsel for all or any of the purposes aforesaid shall be executed and carried into effect by the proper officers of the Company, and when necessary the Seal of the Company shall be affixed thereto.
5. This by-law when sanctioned by the Shareholders shall be irrevocable until a by-law repealing the same shall have been confirmed or sanctioned by the Shareholders and a copy thereof duly certified under the Seal of the Company delivered to the said Bank, and meanwhile all the powers and authorities hereby conferred shall continue in force.
6. This by-law shall come into force on the day on which the amalgamation of Slater, Walker of Canada Limited and UNAS Investments Limited, the predecessor companies of the Company, becomes effective at which time this by-law shall be executed by the President and Secretary of the Company under the corporate seal of the Company.





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**SLATER, WALKER  
OF CANADA LIMITED**

**INTERIM REPORT**

SIX MONTHS ENDED JUNE 30, 1972



**SLATER, WALKER OF**  
**INTERIM REPORT** FOR THE SIX

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**CONSOLIDATED  
STATEMENT  
OF  
EARNINGS**

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**CONSOLIDATED  
STATEMENT  
OF  
CHANGES  
IN  
FINANCIAL  
POSITION**



# CANADA LIMITED

THS ENDED JUNE 30, 1972 (UNAUDITED)

Financial income including fees, trading gains, interest and dividends . . . . .	\$1,086,837
Equity in net earnings of unconsolidated subsidiary and associated companies engaged in non-financial activities . . . . .	454,536
	<u>1,541,373</u>
Expenses (including income taxes of \$254,000). . . . .	<u>875,407</u>
	665,966
Minority interest . . . . .	<u>146,298</u>
Earnings before net gain on disposal of investments . . . . .	519,668
Net gain on disposal of investments (after taxes of \$105,000 and minority interest of \$620,000) .	<u>1,216,505</u>
Earnings for the period . . . . .	<u><u>\$1,736,173</u></u>
Earnings per share (based on weighted average number of shares):	
Before net gain on disposal of investments . . . . .	17.7¢
Net gain on disposal of investments . . . . .	<u>41.5</u>
For the period . . . . .	<u><u>59.2¢</u></u>

Investments at January 1, 1972 . . . . .	<u>\$ 9,604,009</u>
Source of investment funds	
Share capital * . . . . .	11,165,234
Contributed surplus * . . . . .	3,272,916
Term loan from bank . . . . .	4,575,000
Promissory notes . . . . .	2,006,986
Earnings . . . . .	1,736,173
Other liabilities . . . . .	1,566,640
Miscellaneous (net) . . . . .	<u>171,585</u>
	<u>24,494,534</u>
Deduct:	
Reduction of demand loans from banks . . . . .	3,961,572
Accounts receivable . . . . .	3,724,209
Purchase of trading securities . . . . .	<u>1,197,386</u>
	<u>8,883,167</u>
Funds used for investments . . . . .	<u>15,611,367</u>
Investments at June 30, 1972 . . . . .	<u><u>\$25,215,376</u></u>

\* Contributed surplus and \$3,821,838 of the funds derived from share capital arose from the amalgamation with UNAS Investments Limited.



# PRESIDENT'S REPORT

## TO THE SHAREHOLDERS

I am taking this opportunity of the announcement of the results of your company for the first six months of the current year to summarize the developments which have taken place since the annual report was circulated in May.

### 1. Interim Results

Consolidated earnings before net gain on disposal of investments for the six months ended June 30, 1972 were \$519,668 or 17.7¢ per share. In addition, net gain on disposal of investments amounted to \$1,216,505 or 41.5¢ per share. Comparative figures for the first six months of 1971 are not stated as they would not be meaningful in view of the change in the nature of the company's business to that of an investment, management and holding company in July 1971.

### 2. Asset Value

You will be pleased to know that net assets per share of your company have increased substantially. Based on the market value of listed investments and the book value of other investments, the net asset value per share at June 30, 1972, was \$8.45 compared with \$3.35 at December 31, 1971, i.e. an increase of 150%. The current value is in excess of \$11.00 per share. (These figures reflect share splits but make no provision for taxes on unrealized gains).

### 3. Dividend

Your directors have declared a dividend of 5¢ per share on the outstanding common shares of the company which will be paid on September 29, 1972 to shareholders of record at close of business on September 15, 1972. It is the intention of your directors to pay dividends half yearly.

### 4. Amalgamation with UNAS

The amalgamation of Slater, Walker of Canada Limited with UNAS Investments Limited was unanimously approved by the shareholders of the respective companies at their Annual and Special General Meetings on June 20, 1972, and became effective on June 30, 1972.

### 5. New Developments

#### *R.C. Baxter Properties*

We have now completed the acquisition of the equity and certain debentures of R.C. Baxter Properties Limited for an aggregate purchase consideration of approximately \$7.5

million. Baxter Properties is a substantial real estate investment company and we are confident that this acquisition will be of considerable benefit to your company.

#### *Venus Esterbrook*

We have recently purchased through a 75% owned subsidiary company (now named Venus Esterbrook Canada Limited) the writing instruments manufacturing and distribution business carried on under the Venus Esterbrook name in Canada. The remaining 25% of the subsidiary is held by Mr. Victor Steele, who has been appointed chief executive of the company.

#### *Alpa Industries*

In August 1972 we completed the purchase of a 33% interest in Alpa Industries Limited, an Ontario based lumber wholesaler and fabricator. This purchase was made in association with MerBan Capital Corporation Limited, who also purchased a 33% interest with the balance of the equity being held by the management of Alpa.

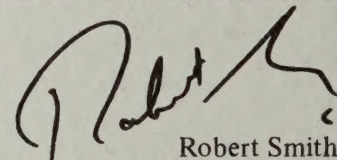
Shares in Alpa will shortly be offered to the public and a preliminary prospectus has been filed with the Ontario and other Provincial Securities Commissions. We expect the public offering to be effected late September and it will include shares from the treasury of Alpa as well as some of the shares recently purchased by your company and MerBan.

#### *Peoples Department Stores*

Peoples Department Stores Ltd. which is 38% owned by your company, continues to make excellent progress and there has already been a substantial turnaround in the earnings of Gordon Mackay & Stores Limited which Peoples Stores purchased at the beginning of this year.

The St. Michael Shops joint venture between Marks and Spencer Limited and Peoples Department Stores Ltd. referred to in my annual report, is now under way and the first two shops have been opened in Brampton and Oshawa. Initial sales are most encouraging and we confidently expect this venture to be profitable in its first year of operation.

On Behalf of the Board of Directors



Robert Smith  
President

August 31, 1972